THE ADMINISTRATION'S PROPOSED WATER RESOURCES AND INLAND WATERWAYS LEGISLATION

(99-7)

HEARING

BEFORE THE

SUBCOMMITTEE ON WATER RESOURCES

OF THE

COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

APRIL 17, 1985

Printed for the use of the
Committee on Public Works and Transportation

U.S. GOVERNMENT PRINTING OFFICE

48-578 O WASHINGTON : 1985

H641-38

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

JAMES J. HOWARD, New Jersey, *Chairman*

GLENN M. ANDERSON, California
ROBERT A. ROE, New Jersey
JOHN B. BREAUX, Louisiana
NORMAN Y. MINETA, California
JAMES L. OBERSTAR, Minnesota
HENRY J. NOWAK, New York
ROBERT W. EDGAR, Pennsylvania
ROBERT A. YOUNG, Missouri
NICK JOE RAHALL II, West Virginia
DOUGLAS APPLEGATE, Ohio
RON DE LUGO, Virgin Islands
GUS SAVAGE, Illinois
FOFO I.F. SUNIA, American Samoa
DOUGLAS H. BOSCO, California
JIM MOODY, Wisconsin
ROBERT A. BORSKI, Pennsylvania
JOE KOLTER, Pennsylvania
TIM VALENTINE, North Carolina
EDOLPHUS TOWNS, New York
WILLIAM O. LIPINSKI, Illinois
MICHAEL A. ANDREWS, Texas
J. ROY ROWLAND, Georgia
ROBERT E. WISE, JR., West Virginia
KENNETH J. GRAY, Illinois
CHESTER G. ATKINS, Massachusetts
PETER J. VISCLOSKY, Indiana
JAMES A. TRAFICANT, JR., Ohio
CARL C. PERKINS, Kentucky
GENE SNYDER, Kentucky
JOHN PAUL HAMMERSCHMIDT, Arkansas
BUD SHUSTER, Pennsylvania
ARLAN STANGELAND, Minnesota
NEWT GINGRICH, Georgia
WILLIAM F. CLINGER, JR., Pennsylvania
GUY MOLINARI, New York
E. CLAY SHAW, JR., Florida
BOB McEWEN, Ohio
THOMAS E. PETRI, Wisconsin
DON SUNDQUIST, Tennessee
NANCY L. JOHNSON, Connecticut
RON PACKARD, California
SHERWOOD BOEHLERT, New York
TOM DELAY, Texas
SONNY CALLAHAN, Alabama
DEAN A. GALLO, New Jersey
HELEN DELICH BENTLEY, Maryland
JIM LIGHTFOOT, Iowa

SUBCOMMITTEE ON WATER RESOURCES

ROBERT A. ROE, New Jersey, *Chairman*

JOHN B. BREAUX, Louisiana
DOUGLAS H. BOSCO, California
EDOLPHUS TOWNS, New York
ROBERT E. WISE, JR., West Virginia
PETER J. VISCLOSKY, Indiana
GLENN M. ANDERSON, California
NORMAN Y. MINETA, California
JAMES L. OBERSTAR, Minnesota
HENRY J. NOWAK, New York
ROBERT W. EDGAR, Pennsylvania
ROBERT A. YOUNG, Missouri
NICK JOE RAHALL II, West Virginia
FOFO I.F. SUNIA, American Samoa
JIM MOODY, Wisconsin
ROBERT A. BORSKI, Pennsylvania
JOE KOLTER, Pennsylvania
RON DE LUGO, Virgin Islands
J. ROY ROWLAND, Georgia
CHESTER G. ATKINS, Massachusetts
JAMES J. HOWARD, New Jersey (ex officio)
ARLAN STANGELAND, Minnesota
JOHN PAUL HAMMERSCHMIDT, Arkansas
WILLIAM F. CLINGER, JR., Pennsylvania
BOB McEWEN, Ohio
THOMAS E. PETRI, Wisconsin
DON SUNDQUIST, Tennessee
NANCY L. JOHNSON, Connecticut
RON PACKARD, California
TOM DELAY, Texas
SONNY CALLAHAN, Alabama
DEAN A. GALLO, New Jersey
HELEN DELICH BENTLEY, Maryland
GENE SNYDER, Kentucky (ex officio)

CONTENTS

TESTIMONY

Page

Dawson, Hon. Robert K., Acting Assistant Secretary of the Army, (Civil Works), Department of the Army, accompanied by Maj. Gen. John F. Wall, Director of Civil Works, Office of the Chief of Engineers; and Dr. G. Edward Dickey, Deputy for Planning, Review and Evaluation, Office of the Assistant Secretary of the Army for Civil Works 19

SUBMISSIONS FOR THE RECORD

Dawson, Hon. Robert K., Acting Assistant Secretary of the Army (Civil Works), Department of the Army:
- Statement 5
- Washington level reports recommending Federal actions for WRDA 1985 .. 26
- Status of reports recommending Federal action 29
- Cost-sharing comparison 49
- Social-economic profile, Army Civil Works Program candidate fiscal year 1986 new starts: Construction 60
- Candidate fiscal year 1986 new construction starts 75

Roe, Hon. Robert A., a Representative in Congress from the State of New Jersey, opening statement 2

Stangeland, Hon. Arlan, a Representative in Congress from the State of Minnesota:
- Opening statement 3
- Supplemental questions to Corps and responses 82

ADDITIONS TO THE RECORD

Ocean Common Carriers, statement regarding port user fees before the Committee on Merchant Marine and Fisheries, U.S. House of Representatives, March 12, 1985 89

Dempsey, William H., president, Association of American Railroads, statement 105

Kastenmeier, Hon. Robert W., a Representative in Congress from the State of Wisconsin, letter re strengthening of the levee system on the Wisconsin River at Portage, WI 112

THE ADMINISTRATION'S PROPOSED WATER RESOURCES AND INLAND WATERWAYS LEGISLATION

WEDNESDAY, APRIL 17, 1985

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WATER RESOURCES,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:04 a.m., in room 2167 Rayburn House Office Building, Hon. Robert A. Roe (chairman of the subcommittee) presiding.

Mr. ROE. Good morning, ladies and gentlemen. The committee will come to order. Today we will be receiving testimony from the Department of the Army on the administration's proposed waterways legislation. Today the Subcommittee on Water Resources is meeting to receive this testimony on the Inland Waterways Revenue and Development Act of 1985 and the Water Resources Development Act of 1985.

I would ask at this point unanimous consent to revise and extend my remarks, if there is no objection, because I have a section here that has to do with part of the proposals to which I know the Secretary will be speaking this morning.

Then I would also like to comment that both legislative proposals provide for automatic appropriations to the Secretary of the Army for construction, operation, and maintenance of port and inland waterway navigation projects. In addition, a fast-tracking provision would authorize the Secretary to proceed with construction of a navigation project if a final environmental impact statement is submitted to Congress and a joint resolution disapproving the Impact Statement does not become law within 180 days.

We are encouraged by the fact that the administration has proposed water resources legislation this year. While there remain substantial differences between the administration proposal and the legislation passed by the House during the preceding Congress, there now exists an opportunity, we hope, for serious dialogue and discussions.

I look forward to working with all interested parties in the interest of securing badly needed legislation to address the Nation's water resources problems and to formulate policies which will make our water resources more responsive and effective to existing economic and environmental conditions.

[Statement of Mr. Roe follows:]

OPENING REMARKS OF HON. ROBERT A. ROE

Today the Subcommittee on Water Resources is meeting to receive testimony from the Department of the Army on two legislative proposals of the administration—the Inland Waterways Revenue and Development Act of 1985 and the Water Resources Development Act of 1985.

The first of these proposals would require commercial operators of the inland waterways to pay a uniform ton-mile fee of 1.5 mills per ton mile in order to cover a substantial portion of the construction, operation and maintenance costs associated with the inland waterways system. The second proposal contains authorizations for a number of water resources projects and establishes cost sharing for projects other than inland waterways projects.

The non-federal share of construction costs for ports would be 70 percent for projects with a depth of 45 feet or less and would be 100 percent of the incremental costs of depths greater than 45 feet. The local share of operation and maintenance costs would be 70 percent for a project 14 feet or less and for a project more than 14 feet and with less than 1 million tons annual commercial tonnage. For other port projects the local share for operation and maintenance would be 100 percent (but capped at 125 percent of the national average based on cost per ton).

Both legislative proposals provide for automatic appropriations to the Secretary of the Army for construction, operation and maintenance of port and inland waterway navigation projects. In addition, a "fast tracking" provision would authorize the secretary to proceed with construction of a navigation project if a final environmental impact statement is submitted to Congress and a joint resolution disapproving the impact statement does not become law within 180 days.

We are encouraged by the fact that the administration has proposed water resources legislation. While there remain substantial differences between the administration proposal and the legislation passed by the House during the preceding Congress, there now exists an opportunity for serious discussion. I look forward to working with all interested parties in the interests of securing badly needed legislation to address the Nation's water resources problems and to formulate policies which will make our water resources more responsive to existing economic and environmental conditions.

Mr. ROE. Our witness today is the Honorable Robert K. Dawson, Acting Assistant Secretary to the Army for Civil Works, soon to be announced. He is accompanied by our distinguished Maj. Gen. John Wall, Director of Public Works, and also Dr. G. Edward Dickey, who is Deputy for Program Plannning, Review, and Evaluation in the Office of the Assistant Secretary of the Army for Civil Works.

I also want to welcome General Edgar, who I know is here, and all of the other members of the corps who are here to assist the witnesses.

So before I call for formal testimony, I would now defer to my good friend and the distinguished ranking minority member, Mr. Stangeland, for comments he may wish to express.

Mr. STANGELAND. Thank you, Mr. Chairman. First of all, I am pleased that we are having these hearings on the water resources development issue. It is an issue that the committee, as you know, spent a great deal of time on in the last Congress and probably over the last 3½ years. Certainly, you more than anyone else understand the amount of your time, staff time, and committee time that went into developing a comprehensive water resources bill. Certainly, I want to thank you on behalf of not only myself but also of the minority for your dedication, bipartisanship and your plain hard work.

As you are aware, Mr. Chairman, we have not had an authorization public law for the corps since 1976, in large part due to the inability to develop a cost-sharing formula acceptable both to the administration and the Congress. I believe we came closer last year than we have in some time. I also believe that last year's effort has

not been wasted, that it will serve instead as a necessary foundation for some of the decisions and compromises which must be made this Congress in our effort to enact into law vitally needed legislation on the issue.

It is clear to me that what we need now is the commitment of the administration to work with the House and with the Senate to reach an acceptable compromise. Therefore, I am pleased to see the administration has sent forward a comprehensive package of legislation. In the time that I have served on this subcommittee, this is the first time we have seen a comprehensive omnibus proposal from the administration on water resources. I think that is a significant event and one which I believe represents a signal, and perhaps even more, a commitment to work with the Congress to resolve the thorny issues that face us. I realize there is still a lot of distance between us, but the process of accommodation has begun.

I would like to extend a warm welcome to Bob Dawson, who oversees the corps' civil works program. Bob is certainly no stranger to this committee, having appeared before us on a number of occasions over the past 4 years and having served as administrator for the committee. I am convinced that to the extent the administration has shown a willingness to engage in meaningful dialog, Mr. Dawson has been largely responsible, and I congratulate him on the excellent job he has done.

Thank you, Mr. Chairman, for inviting him to appear before the committee to present the administration's views, and I look forward to his testimony and especially to the dialog which will follow.

[Statement of Mr. Stangeland follows:]

OPENING STATEMENT OF CONGRESSMAN ARLAN STANGELAND, WATER RESOURCES LEGISLATION HEARING

Thank you, Mr. Chairman. I am very pleased to open today's hearing on the administration's proposals for water resources development legislation for the Corps of Engineers' civil works program.

As I see it, Mr. Chairman, today's hearing represents the formal reopening of this committee's consideration of the whole issue of water resources development. It is an issue that the committee spent considerable time on during the last Congress, as you, Mr. Chairman, probably more than anyone else, understands. Not many people outside of this committee are aware of the incredible time and effort that you have devoted to developing a comprehensive water resources bill. As we begin today's hearing, I would like to personally thank you on behalf, of not only myself, but also on behalf of the minority members of the subcommittee for your dedication, bipartisanship, and, above all, your plain hard work.

As you know, Mr. Chairman, we have not had an authorization public law for the Corps of Engineers since 1976. In large part, this has been due to an inability to develop a cost-sharing formula acceptable to both the administration and the Congress. I believe we came closer last year than we have in some time, thanks largely to your effort, Mr. Chairman. I also believe that last year's effort has not been wasted, that it will serve instead as a necessary foundation for the decisions and compromises which must be made this Congress in our effort to enact into law vitally needed legislation on this issue.

It is clear to me that what we need now is the commitment of the administration to work with the House and with the Senate to reach an acceptable compromise. Therefore, I am particularly pleased that the administration has sent forward a comprehensive package of legislation. In my years on this subcommittee, I believe this is the first time that we have seen a comprehensive water resources omnibus proposal from the administration. This is truly a significant event, one which I believe represents a signal and—perhaps even more—a commitment to work with the

Congress to resolve these thorny issues. I realize there is still considerable distance between us, but I believe the process of accommodation has begun.

I would like to extend a warm welcome to Bob Dawson who oversees the Corps of Engineers' civil works program. As you know, Mr. Chairman, Mr. Dawson is no stranger to this committee, having appeared before us on a number of occasions over the past 4 years and, before that, having served as administrator for the committee. I am convinced that to the extent the administration has shown a willingness to engage in meaningful dialog, Mr. Dawson has been largely responsible and I congratulate him on the excellent job he is doing.

Thank you again, Mr. Chairman, for inviting him to appear before the committee to present the administration's views on this very important issue. I look forward to his testimony and especially to the dialog that will follow.

Mr. ROE. I thank the distinguished gentleman from Minnesota.

We have with us this morning the Honorable Gene Snyder, who is the ranking minority member of the full Public Works Committee.

Do you wish to make any comments at this point, Gene?

Mr. SNYDER. Thank you, Mr. Chairman. I am just pleased to be here and to welcome Bob again before our committee.

I just wanted to say that I compliment the administration—not necessarily because of the content of the bills about which you are going to be forced to testify today—but on their selection of you, as we understand it, as the Assistant Secretary for Civil Works. I think that with your expertise and your past experience here on the committee, hopefully we will be able to reach some accommodation and move a bill which needs to be moved, because we haven't had one for so long.

I just want to say welcome to you and congratulations.

Mr. DAWSON. Thank you, sir.

Mr. ROE. I thank the gentleman from Kentucky.

Now, Mr. Secretary—I like the ring of that; it sounds good—we want to welcome you to our committee, along with your colleagues, General Wall and Dr. Dickey.

Mr. Dawson, the full text of your prepared statement will appear in the record at this point.

[Statement referred to follows:]

STATEMENT

OF

ROBERT K. DAWSON
ACTING ASISTANT SECRETARY OF THE ARMY (CIVIL WORKS)
DEPARTMENT OF THE ARMY

ON

ADMINISTRATION'S PROPOSED WATER RESOURCES DEVELOPMENT ACT OF 1985 AND INLAND WATERWAYS DEVELOPMENT ACT OF 1985

BEFORE THE

SUBCOMMITTEE ON WATER RESOURCES
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
UNITED STATES HOUSE OF REPRESENTATIVES

APRIL 17, 1985

NOT FOR RELEASE
UNTIL RELEASED BY THE
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

STATEMENT OF ROBERT K. DAWSON

ACTING ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

BEFORE THE

SUBCOMMITTEE ON WATER RESOURCES

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

INTRODUCTION

Mr. Chairman and members of the Subcommittee:

I am Robert K. Dawson, Acting Assistant Secretary of the Army for Civil Works and I have with me today Major General Jonn F. Wall, Director of Civil Works, Office of the Chief of Engineers, and Dr. G. Edward Dickey, my Deputy for Program Planning, Review and Evaluation.

I am pleased to be here today to discuss the Administration's proposed omnibus legislation.

This year, for tne first time, tne Administration has prepared and forwarded to Congress a unified water resource package. On February 20th, I transmitted to Congress two proposals, the Water Resources Development Act of 1985, which constitutes the Administration's omnibus legislation, and the Inland Waterways Developent Act of 1985, which covers the inland waterways system. Both of our proposals were introduced by

Chairman Howard, by request, on March 19th (H.R. 1557 and 1558) and the omnibus legislation was introduced by Senator Stafford, by request on February 28th (S. 534). If enacted, these bills would not only break the current logjam in proceeding with worthy projects, but would also establish cost sharing policy for all project purposes addressed under our civil works authorities.

The legislation which we have proposed would accomplish three objectives: (1) authorize more than 60 projects, six of which are proposed as new construction starts in the President's budget in FY 1986; (2) provide for substantial navigation cost sharing and cost recovery as well as new financial arrangements for other project outputs; and (3) provide new authorities to facilitate efficient Federal water development and management.

Before discussing the details of our proposed legislation I would like to note that there are a number of general areas where we agree with the concepts set forth in the omnibus legislation reported out of this committee last year and which has been introduced again this year. Our disagreements lie primarily in the level of cost sharing and in the numbers and types of projects which would be authorized.

We agree that additional cost sharing should be applied to deep draft navigation and to flood control projects. We also agree that the non-Federal share for navigation projects should be paid during construction and that at least some part of the flood control costs may need to be reimbursed over time, with

interest. In connection with increased cost sharing for port projects, both proposals provide means for sponsors to recover their costs from users of the projects. Another important area of agreement is that studies should be done in two phases with cost sharing required for the feasibility phase. We also are in general agreement that changes are needed in a number of other areas such as: deauthorization of projects which are never going to be implemented; additional authority for continuation of detailed design after submission of reports; increases in the dollar limits on small projects which do not require congressional authorization; deauthorization of the California Debris Commission; and authority to update and maintain the national inventory of dams.

COST SHARING POLICIES

General

Bills addressing the issue of cost-sharing were developed during the the last Congress by you, Mr. Chairman, and the Senate authorizing committee and have been reintroduced in this session. While both bills endorse the basic goal of increased non-Federal financial participation in project development and operation and maintenance, they do differ in the extent of non-Federal cost sharing and financing and, indirectly, in the role of the Federal Government in the construction, and/or operation and maintenance of projects with certain outputs. Under our legislative proposal, some non-Federal contribution would be required for the

construction of all Federal water resource projects. The amount of that contribution varies by type of project depending on the ease with which the non-Federal sponsor could recover its capital investment though user fees or other benefit-based charges. For example, for fully vendible outputs, such as hydropower and municipal and industrial water supply, 100 percent recovery of costs, as is now required by law, would be continued. For outputs such as flood control and general recreation, which are not fully vendible, the historic level of cost sharing has been increased to provide a more equitable balance between Federal and non-Federal interests while, in our view, still encouraging the advancement of meritorious projects. For navigation, a major share of the assigned costs for this output is proposed to be borne by non-Federal interests. The level of Federal funding being retained for navigation is sufficient to ensure that a national interest is preserved in the development of deep-draft and shallow-draft channels and harbors along our coasts, on the Great Lakes, and on inland waterways.

Starting in FY 1986, under our legislative proposals, beneficiaries would pay a larger share of the cost of project operation, maintenance, rehabilitation, and replacement. Non-Federal sponsors will be encouraged to recover their share of these costs through user fees or any other mechanism they desire, so as to promote the principle of "beneficiary pay" as has been encouraged by the President.

Ports and Harbors

For port and harbor projects, including ports on the inland waterway system, new construction, post authorization planning, and project rehabilitation and modification, the non-Federal share of costs would fall into one of two categories, depending on the authorized project depth. For all port projects with a depth of 45 feet or less, the non-Federal share would be 70 percent of project cost. For those projects with a depth of more than 45 feet, their share would be 70 percent of the cost associated with going to a depth of 45 feet, plus 100 percent of the added cost of going deeper than 45 feet. The traditional local sponsor requirements to provide necessary lands, easements, rights-of-way, relocations, and dredged material disposal areas would still apply, but costs associated with these requirements would be credited toward the non-Federal share of project cost.

These construction cost sharing percentages reflect the continuing national interest in construction of ports 45 feet or less in depth (30 percent Federal share) and the narrowly focused nature of benefits from deeping to greater than 45 feet to accommodate a few specialized commodity movements. Historically, the average non-Federal contribution has been about 17 percent, generally consisting of the necessary lands, easements, rights-of-way, and relocations.

This cost recovery will help promote sound investment decisions regarding future harbor improvements. One test of a project's feasibility should be the willingness of the direct beneficiaries to pay at least a fair part of the cost. Moreover, significant participation of non-Federal sponsors in the financing of deep-draft harbor improvements is essential if we are to have a workable new improvement program in this time of Federal budgetary austerity.

For project operation and maintenance, the non-Federal responsibility would be based on the authorized depth of the project and the amount of commercial tonnage loaded and unloaded at the project. For projects with authorized and maintained depths of 14 feet or less and for projects with greater depths but with an average annual tonnage of less than one million tons of commercial cargo, the share of O&M cost to be paid by sponsors would be 70 percent. All other projects, and this will apply to most of the larger ports, would pay all of the O&M costs up to a ceiling limited by 125 percent of the national average based on the average O&M cost for all ports divided by the average tonnage at such ports. As in construction, traditional local sponsor requirements such as disposal areas for dredged material are to remain a non-Federal responsibility but will be credited to their O&M share.

Our cost sharing proposal for operation and maintenance recognizes the greater difficulty in recovering costs from shallow draft and oter projects with little or no commercial

tonnage by retaining a 30 percent Federal share. Large diversions of traffic from high-cost harbors are minimized by limiting the non-Federal share to 125 percent of the national average dredging cost. We will also compute individual port costs and the national average on at least a five-year average to smooth out the peaks and valleys in determining whether the ceiling applies in specific cases.

Based on preliminary data, the cost ceiling for operation and maintenance where annual tonnage is greater than 1,000,000 tons per year, would limit individual port costs to about 30 cents per ton of cargo loaded or unloaded whereas the actual cost of maintaining some of these projects approaches two dollars per ton of cargo. The 30 cents per ton maximum ranges from less than one percent to about 10 percent of other port charges, depending on the type of cargo and location. In any case, if the local sponsor's cost is all passed on to users, the incremental cost for operation and maintenance would increase their total port costs only a small amount and would be an even smaller fraction of the value of goods shipped.

Payment for both construction and O&M would be required on a "pay-as-you-go" basis; that is, to be paid generally as the work is accomplished. The project sponsor would be responsible for satisfying its obligations for project costs and would be authorized to impose and collect fees sufficient to cover its obligations as well as necessary administrative costs. User charges by project sponsors would be in accordance with fee

schedules which would be subject to approval by my office. The form of the user charge used by port authorities to recover their costs from users should be left to their discretion as long as it is consistent with constitutional requirements and international obligations.

Inland Navigation

The channels, locks and dams on the inland waterway system are addressed in the Administration's proposed. "Inland Waterway Development Act of 1985," H.R. 1558. Commercial shippers using inland waterways would pay a uniform fee of 1.5 mills per ton-mile. The amount collected through the fee would approximate 70 percent of the annual operation and maintenance cost of the Corps and the Tennessee Valley Authority for inland waterways and 70 percent of the cost of new improvements to the inland waterway system. The existing fuel tax would continue to be collected and would be available to fund future waterway construction. Funds collected through the user fees would be available to the Secretary of the Army and the Tennessee Valley Authority for operation, maintenance, and new construction within their respective areas of responsibility.

Other Project Purposes

Construction of project features for flood damage reduction, hurricane and storm damage reduction and agricultural water supply would be at 35 percent non-Federal costs. Recreation

would remain at 50 percent, but would be applied to assigned joint costs as well as separable costs. Fish and wildlife enhancement would be 100 percent non-Federal cost. All operation, maintenance and rehabilitation costs for non-navigation projects will be a non-Federal responsibility.

OTHER MAJOR PROVISIONS OF THE PROPOSED LEGISLATION

Fast-Tracking

One of the cornerstones of both bills is the provision of a reasonable means to expedite development and implementation of navigation projects. For Federal development of navigation projects: (1) amounts recovered from inland waterway user fees or provided by port and harbor sponsors would be appropriated without fiscal year limitation for use on new construction projects; (2) the Army would have generic authority to study, design, and construct new projects, as long as cost sharing is achieved and applicable laws and regulations are followed; (3) prior to initiation of construction a final environmental impact statement and other statements of compliance with environmental laws would be submitted to the Congress with the opportunity for disapproval by Joint Resolution within 180 days; and (4) any necessary judicial proceedings would be simplified and expedited. Measures would also be authorized to encourage non-Federal development of Federal port and harbor projects by streamlining the permitting process. These initiatives would allow the orderly

implementation of justified navigation projects without jeopardizing environmental values.

Feasibility Study Cost Sharing

Water resources feasibility studies would utilize a two-phase planning process and would insure that full preauthorization studies are undertaken only when there is a high likelihood that a recommendation for a Federal project will result. A reconnaissance investigation, funded at full Federal expense, would define the problems, formulate and evaluate potential solutions, identify likely project sponsors, identify the Federal interest, and lay out the plan of study for the feasibility effort. If there is evidence of a Federal interest in a justified and implementable solution to the problem, the study would be continued with 50 percent non-Federal funding, half of which may be in the form of in-kind contributions.

Project Authorization

The "Water Resources Development Act" proposes authorization of 17 port and harbor projects, 37 flood damage reduction projects and 3 fish and wildlife mitigation projects at a presently estimated Federal and non-Federal cost of about $3.3 billion. The "Inland Waterway Development Act" proposes authorization of 5 projects at an estimated cost of $544 million.

Hydropower

There are 243 Corps of Engineers dams without power plants at which additional power could be developed. Most hydropower projects can be planned, constructed, and operated by non-Federal interests under the FERC procedures. However, the Corps should be involved in planning, design, and construction of hydroelectric facilities at its dams whether the power is developed by the Corps or non-Federal interests. Such involvement assures that hydropower development is compatible with authorized purposes of the Federal project and that the structural integrity of the project is maintained. We have two legislative proposals to address development of hydropower facilities at Corps projects.

In those few cases where non-Federal development of hydropower potential at an existing Corps project may be impractical because of physical, legal, competing use, institutional, environmental or economic reasons, one proposal would authorize Federal development of hydropower with non-Federal interests financing the cost and receiving the power for a certain period of time. In the majority of cases where non-Federal development of hydropower at a Corps project is practical, our other proposal would authorize the Corps, on request of the non-Federal interest, to construct the facility with non-Federal funds. One of the most significant advantages this allows in certain cases is the joint construction of the non-Federal hydropower facility

and the Corps project resulting in a more efficient and cost effective, overall project.

OTHER PROVISIONS

Some of our other proposals would (1) authorize advance engineering and design prior to construction authorization so as to eliminate the existing gap between the time a project is planned and the initiation of the engineering and design, (2) simplify the requirements for local cooperation agreements with states, (3) increase cost ceilings for small flood control and other types of projects which are undertaken by the Corps of Engineers without specific Congressional authorization, (4) improve procedures for deauthorizing studies and projects which have never gone anywhere and for disposing of operating projects that are no longer justified for Federal operation, and (5) would allow the Corps to provide planning, design, and construction services to non-Federal public entities on a reimbursable basis.

CONCLUSION

In closing let me say that we are at a very special time in the history of the Federal water program. We are at a time when clearly the old formulas, the old ways of doing business have failed. There has not been a significant authorization Bill for

the Corps of Engineers since 1970 and the number of new constructions starts has declined steadily over the past two decades. It is clear that the old formulas are not working. New approaches are needed to make maximum use of the ability of non-Federal sponsors to capitalize on the very real benefits water projects produce and to do this in ways that will allow them to share the cost of Federal water development.

It should be clear to any observer of the Federal water scene that the level of Federal funding that has been available in the past is simply not going to be available in the future. We hope that we can work together on this comprehensive legislation to work out new formulas, new charters, new authorizations, and new authorities that are necessary to revitalize the Nation's water resources program.

Mr. ROE. Please proceed.

TESTIMONY OF THE HON. ROBERT K. DAWSON, ACTING ASSISTANT SECRETARY OF THE ARMY FOR CIVIL WORKS, ACCOMPANIED BY MAJ. GEN. JOHN F. WALL, DIRECTOR OF CIVIL WORKS, OFFICE OF THE CHIEF OF ENGINEERS; AND DR. G. EDWARD DICKEY, DEPUTY FOR PROGRAM PLANNING, REVIEW AND EVALUATION, OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY FOR CIVIL WORKS

Mr. DAWSON. Thank you very much, Mr. Chairman. I am indeed pleased to appear before your committee. I would like to thank you and Mr. Stangeland for scheduling this in a very busy time for the committee.

I would like to hit the main points of my prepared testimony, Mr. Chairman, but depart to some extent in an effort to emphasize certain parts.

First let me say that in my judgment this hearing is as important as any I have ever been a part of, and I would like to explain why I think it is such an important hearing. There are several very important things at stake here today, in my judgment, and I don't believe it is overstating it to say that we are in a true win-or-lose situation with the clock running out on us on all of these items.

First of all, we have at stake no less than the future of the Army Corps of Engineers civil works program. You and we will decide in the next few weeks, and at most in the next few months, in my judgment, whether the corps' civil works program will be a declining, fading program or a full-blooded, strong program capable of addressing the Nation's water needs.

Second, also at stake, in my opinion, is the credibility of a program which has been tarnished with the epithet of "pork barrel," and worse. If we are able to revitalize the program and ensure that the project selection process is dependent upon a true test of project benefits, we will be able to hold our heads high, Mr. Chairman, when questions are raised about whether we are spending the taxpayers' money on good, solid water projects with high benefits to the public.

Also at stake here today, in my judgment, and in the weeks immediately ahead, is the survival of the authorization process itself. You are more aware than I of the pressures building on the appropriations process, to take over some of this committee's responsibilities in an effort to get water projects moving again. I believe this would be a very unfortunate turn of events, but I feel the danger will increase markedly if we are unable together to get a bill through.

I might mention one other thing that I think is at stake here today; and that is, the credibility of the Government's ability to cope with difficult problems. I am sure that potential project beneficiaries are beginning to wonder whether their Government can deliver on this issue.

One reason, Mr. Chairman, that I am optimistic that we can meet the challenge together is the work of this committee in the past. I am very much aware of the great history of this committee in developing our Nation's infrastructure. I am speaking, of course,

of such things as the Interstate Highway Construction Program, the Surface Transportation Act, the Clean Water Act, and many, many water resources omnibus bills in the past. We know that this committee continues its commitment to working with the States, with local entities, and those private sector interests concerned with water development all across the country.

It is in the spirit of working with you to rebuild the Federal/non-Federal partnership that we present our testimony today. If we succeed, we can resume water development efforts to avert water crises in the coming decade.

The Department of the Army has worked hard during the past 4 years to develop a new means to move forward with the Civil Works Program executed by the Corps of Engineers. For over a decade this program has been in a state of retrenchment as the traditional ways of authorizing and implementing projects apparently lost favor with the American people and thus with the Congress. In spite of our and your efforts to date, we have been unsuccessful in obtaining a new charter for water resources development and management by the Federal Government in partnership with project sponsors. But I believe there have been lessons learned on all sides. We continue to strive to reestablish a strong development program with cooperating States and local sponsors.

A fair question, I think, Mr. Chairman, is, "What is the evidence of the administration's commitment to water resources development? Do we mean business?" And I think those are fair questions, and I would like to present to you a couple of strong bits of evidence, in my judgment, that we are serious.

In the President's budget this year, as you know, even in the face of a $200 billion deficit, are 29 new starts: 6 of these still require construction authorization by this committee and by the Congress; 13 of these projects have been included in previous budgets, but were not acted upon by the Congress; and 15 are additional new construction projects based on new and negotiated financing arrangements.

We believe these projects demonstrate further the willingness and ability of local sponsors to increase their financial participation in new project development when a strong productive project exists, a project sure to provide a return on their financial investment. The 29 new projects in the President's budget which can proceed this fall, if the Congress approves, represent a capital investment of slightly under $1.6 billion under the cost-sharing arrangements we have negotiated with sponsors and also with the inland navigation fees. Non-Federal funds would be used to finance almost $900 million, or about 57 percent, of total implementation costs.

Under traditional arrangements, non-Federal funds would have been used to finance less than $200 million, or about 12 percent, of project implementation costs. With the Congress' support, this investment could be underway as early as October and begin to produce benefits within 1 year. We see no reason, Mr. Chairman, to deny the project beneficiaries these benefits one day longer than they have already encountered, and we strongly urge your support to get this underway. One nod from the Congress, and 23 of these 29 new starts could be underway.

We have emphasized in our discussions with the non-Federal sponsors that the cost-sharing we have proposed is subject to what you in the Congress ultimately do in the area of cost-sharing. In other words, we fully recognize that this committee, and not the administration, is the final determinator of what the cost-sharing percentage will be. However, we see no reason to wait on proceeding on these new construction starts, because we will retroactively adjust the cost-sharing to whatever you ultimately determine it should be.

We would hope that you might convey to the Appropriations Committee your approval. We think this would give us a shot in the arm. We think it would give the authorization bill a shot in the arm because, Mr. Chairman, we think it would show people that it does matter anymore to have an authorization bill because those authorizations would be translated into new starts and into construction.

The second piece of evidence that I would like to mention quickly of this administration's commitment to moving out on water resources development is the comprehensive legislative proposals submitted to Congress on February 20 that Congressman Stangeland mentioned in his opening remarks.

Under these bills, some non-Federal contribution would be required for the construction of all Federal water resources projects. The amount of that contribution would be dependent on the ease with which the non-Federal sponsor could recover its capital investment through user fees or other benefit-based charges. The new cost-sharing objectives reflected in the Army's legislative proposals are specific to individual project outputs or purposes. We believe that it is essential to maintain consistency in cost-sharing by project purpose, in the interest of treating all sponsors comparably. And I think your bill does that same thing, Mr. Chairman.

Some members, we are sure, continue to be concerned that the new financing policies might favor wealthier regions and communities. They do not. We think the record shows clearly now, after our working with this for 3 or 4 years, that this is simply not the case. I am sure we will talk about that more later on.

The policies are, rather, tied to the flow of benefits produced by the project, not the wealth of the beneficiaries. The approximately 60 projects we have recommended for construction all have benefits that exceed their costs. Local sponsors should be able to tap a portion of these benefits to pay the required cost share as the benefits of the project accrue.

Under the Army's legislative proposals, beneficiaries would pay a larger share of the costs of operation, maintenance, rehabilitation, and replacement for all kinds of projects. It should be noted, Mr. Chairman, that the levels of cost recovery proposed for navigation are substantially less than those first proposed by the Army. This is connected to the point I made earlier that I think lessons have been learned on both sides. This represents a compromise between the sound economic principle that the beneficiaries of those commercial activities should bear their costs and on the other hand the desire for a proposal that is implementable.

Let me further add that while we have worked hard to develop proposals that are economically and politically sound, we are cer-

tainly open to other proposals that will provide for similar levels of non-Federal participation in the funding of the Federal water program. In other words, I want to communicate and convey flexibility to the committee. I think the methodologies and mechanisms to recover the funds are certainly open to your best judgment.

In addition to the cost-sharing initiatives that I have outlined earlier, there are several other items that I would like to mention quickly. For one, we are seeking authorization of some 60 projects, as I mentioned, and activities having a total implementation cost of about $4 billion. And that is in a bill that would be signed today if it were on the President's desk. And again, let me say the bill includes over 60 projects, amounting to $4 billion.

Mr. Chairman, our central focus continues to be on the reality of the water problems facing our Nation and the need to improve the Nation's infrastructure in an efficient and timely way. These problems affect many individuals and many families in tangible ways. These are not ivory tower, theoretical issues, as you know better than anyone.

Solution of these problems will provide economic benefits which can be measured and used to assist in the financing of projects during these times of severe budget constraints.

One thing that I am very proud of, Mr. Chairman, is the fact that when many other programs in the Federal Government are being cut in the President's budget, the Corps of Engineers program is not suffering that same fate. And I think there is one simple reason for that, and that is that we are fortunate to have a program that does produce measurable benefits and we have an opportunity to translate those benefits into a growing program even in a time of severe budgetary constraint.

I know one approach, Mr. Chairman, that is being considered by this committee is to repass the same bill from the last Congress and then try to get a signable bill in conference. I would respectfully submit—and at the same time I would acknowledge that you and others here today know much more than I about the legislative strategy involved—but I would respectfully submit that that approach will probably fail as it did in the last Congress.

I would urge you to give every possible consideration to a different approach, and that would be to take to the House floor a different bill, one significantly closer to ours in revenue produced through cost sharing and one with significantly more restraint on the number of projects. If this happens, I think a momentum would begin to roll that would carry us all the way through to getting a bill signed.

Your actions will have very important and far-reaching impacts on this Nation's well-being and those people and families that I mentioned earlier, who I think anxiously await revitalization of the Army's civil works program.

I would like, just before closing, to depart from the script for a moment, Mr. Chairman, and speak in reference to the long hours that I know you and Mr. Stangeland and the members of the subcommittee and the staff have invested in this whole endeavor both last year and again this year. That investment and the intimate knowledge that I know you and others have is what gives me the most optimism that we can in fact win this battle and get a bill

that will be signable. I think without that investment, we wouldn't be here today, we wouldn't have a bill out of the administration as we do. I would like to publicly acknowledge the really preeminent role that that has played in all our efforts.

Mr. Chairman, in closing, I stand ready to work with the committee and with the Congress to move aggressively forward, not later, not next year, but now and in this year. In my judgment, the project beneficiaries in many cases are ready, the mechanisms are ready, and the time is right. The remaining question may be whether we in Government, in both the executive and legislative branches, have the will and the wisdom to show that Government can act, that the Government will do its part and that we are also ready to move ahead.

Mr. Chairman, that concludes my testimony, and I would welcome your questions.

Mr. ROE. Well, I want to thank the Secretary for a very forthright and poignant statement. I think as we begin this hearing today and we are reviewing the proposals that are being submitted by the administration, that this committee is pleased that we have taken that course of action, and now we can start to get the show on the road, so to speak.

I think it's important to point out a couple of points. I think it's unique, in a way, that you will be the next Secretary here, because of the fact that you are intimately knowledgeable of this committee, having worked here for a number of years, and also your work that you have done under your previous Secretary and your knowledge in the field.

I think it's important to point out for the record, however, the following. This committee has labored like I have never seen any committee in this House labor at any time in all of my experience in the House of Representatives, on this legislation. There hasn't been a single comma, dot, word, or contraction that hasn't been gone over very, very carefully with every single Member of the House that had an interest. It had nothing to do with Democrat or Republican; that was not our interest. Our interest and our charge was to establish a workable capital improvement program in the water resources development field, as you know.

The House very strongly spoke to what is now H.R. 6, you know, in the last session, and on two occasions voted strongly in favor of this legislation. We did have some points yet to be resolved. Some have been resolved, by the way, since that last confrontation.

So when we speak of the House reflecting the concern and speaking, if you like, for their people in each respective district, I think that happened in abundance in the House of Representatives last year. And I think it is only fair for the record, and for the Members that labored so hard, to point out that we were prepared and did battle to the very end in the Continuing Resolution and the reconciliation statements that came up. The Appropriations Committee, I am pleased to say, supported this committee's position.

Our purpose here today is not to get into acrimony or to get into, you know, dialogue of that nature. That will serve no purpose. I am pleased that the administration is moving this year. I am pleased with your efforts, because I think now at least we are getting toward some area of common ground.

I can say categorically, however, as far as the chairman of this committee is concerned, that we would strongly rebuff any action this time by the Appropriations Committee that did not parallel the wishes and desires of the Congress of the United States—namely, this authorizing committee—because we too feel as strong as you do. That is not an admonition to the Appropriations Committee, because they work very closely with it.

Now, this committee and this member, and I can speak for every member on this committee, could not be more alert and more knowledgeable of how critically important this legislation is. We thoroughly agree with that assessment that you place forth. I think it is important to point out, however, that we've tried to dispel some of the myths that are afoot in this whole program.

But it is important for you to carry back to the administration that this bill that we've presented is a 10-year bill, and we didn't say to the administration that we wanted a budget-buster or anything else. Quite the converse. Statements were made on the floor 20 times over that there is no way that this committee means to do anything that would denigrate the problems that we're faced with as far as budget deficits are concerned.

But we also know that it takes 16 to 18 years, as you know, to get any projects moving or to get anything done. So someplace in between, we've got to solve this this year, and I hope that we can work in that direction. I think you will find that you will have the cooperation. We are not that far apart, Bob, on a number of areas, particularly where cost sharing is concerned, because we had worked with the Senate. And I do trust that when you are finished testifying here and we get some kind of, what would you say, communion in our approach, that you and the administration may have some kind of, what would you say, warmth and communion on the other side of the aisle so that we could get some action out of the other body on these important projects.

Therefore, I have made my opening statement, and obviously you can see that we have all gotten a good night's sleep, so I am now going to defer to the other members because I know there are a thousand questions to be asked. I hope that they are asked in a constructive, important way so that we can really start to unfold and come through at this hearing with some understanding.

Therefore, having said that, the Chair would now defer to the distinguished ranking Member from Minnesota, the Honorable Arlan Stangeland.

Mr. STANGELAND. Thank you, Mr. Chairman.

I can only say that in most of what you say I have to agree, and I would hope that as we proceed forward, that we can find some meaningful areas to compromise, recognizing that perhaps the bill as we construct it is not the final word and on the other hand the bill introduced on behalf of the administration can't be the final document either. And I think that we can do that, working in a spirit of goodwill and compromise.

Mr. Dawson, in each category, how many projects are there for which there are favorable district, division, and chief of engineer's reports but which are not included in your bill? And on the average, how long does it take at each step of the project approval process to review and approve a project report?

Mr. DAWSON. Mr. Stangeland, we put in our bill every single project that had gone all the way through the corps' review process. That was how the——

Mr. STANGELAND. The question was how many have gone through the district, division, and chief engineer's reports but are not included in the bill.

Mr. DAWSON. OK. I would like to supply that for the record. We do have some in that category.

[The following was received from Mr. Dawson:]

DATE 05/13/85
DAEN-CWP

CWP-1

WASHINGTON LEVEL REPORTS
RECOMMENDING FEDERAL ACTIONS FOR WRDA 1985

CURRENT STATUS

Status	No. Reports	No. Projects
WITH:		
Congress-Transmitted	71	72
Congress-Informed	23	24
Cleared by OMB	3	3
OMB	9	9
ASA(CW)	57	58
Preparing Final Rpt Supplement	3	3
Subtotal	166	169
With or in Chain to Chief	4	4
Preparing Final Chiefs' Report	4	4
States & Agencies	10	11
Held in OCE for Policy Determination	6	7
Chief for States & Agencies	13	13
BERH/MRC Acted, Report Pending	0	0
BERH for Mtg Jun 1985 or Later	13	14
Subtotal	50	53
GRAND TOTAL	216	222

END OF REPORT CWP-1

Mr. STANGELAND. How long does it take at each step?

Mr. ROE. Will the gentleman yield?

Mr. STANGELAND. Yes.

Mr. ROE. On those issues, those that are not included, could you give us some idea? Is it 1, 10, 50, 25, 14? And why were they held back? Were they held back because the sponsors had not come to an accommodation with the Corps on cost sharing? Are they being held back because they haven't agreed to the cost-sharing level?

Mr. DAWSON. No, sir. Let me back up, if I may, on this issue. We're talking in the numbers of tens. In other words, there are not a whole lot of these. And we're talking, of course, about the omnibus bill, where we've not made cost-sharing agreements, which we have done on the new starts that are in the President's budget. In other words, we have not approached the sponsors of our 60-some-odd that are in our omnibus bill. So there was no attempt to screen those.

What we did simply was take every project that had made it all the way through the corps' review process, the review in my office, and the OMB review. And we have 63, I believe, that fit in that category. There are a few others that have made it through various stages of that. For example, there are some over in my office now. The only reason we have not moved on those is a matter of time. I did reach an agreement with OMB with some negotiating that we could add to our list in our omnibus bill as these reports move on through the process. So the door is still open.

As you mentioned, Mr. Chairman, that you did not look at Republicans or Democrats, that was the same process that we've done. We've just taken whatever projects have made it through the process.

I am told that there are another over 100 projects that have received a chief's report—I believe that's what this note is saying—but have not gone through the next two steps in the process; my office review and the OMB review. I would hope, though, that we could get more cleared through the process.

Mr. ROE. I think—if the gentleman would yield further—that's an extraordinarily important point to this committee, as you know. In your opening statement, you made the point of view that the corps was negotiating in what they felt was administration posture regarding cost sharing, and that the final determination of course would have to be made by the committee and therefore the Congress.

What we would like to have from you for the record is a crisp, clear report that of those new starts, and others, that are in your recommendation, there are still now 100 other projects that are in float that are waiting for OMB's approval, we want to know why OMB is holding those back. I know you can't answer that, but we need that report.

Mr. DAWSON. Sure.

Mr. ROE. That is critical to us to get that as quickly as possible.

Mr. DAWSON. We will be delighted. I might say again that I have not made clear the distinction here. The new starts, again, are in the President's budget; those you have already authorized, 23 of the 29. So we're trying to move on those. You have done your part on those.

Now, the omnibus bill, we have the 63 projects. We will give you the list of all the others that are pending in the process. Even if all of those were brought forward, we would still be looking at probably less than 200 as opposed to, say, the 300-plus that are in your bill.

So the point I guess I would want to make the strongest is that we would again urge you to help us develop a criteria that would screen out some of the projects so that we will have a more restrained list ultimately, which I think will move us toward getting something that could be signed.

Mr. ROE. If the gentleman would yield just one step further. Would you also include in that report how long they have been pending in the Secretary's office and how long they have been pending in OMB?

Mr. DAWSON. Surely. We would be pleased.

[The following was received from Mr. Dawson:]

DAEN CWP-A

CWP

STATUS OF REPORTS RECOMMENDING FEDERAL ACTION

SORTED BY DATE OF LATEST MILESTONE

STATUS/ TITLE OF REPORT	DATE OF DIVISION NOTICE	DATE OF BERH/MRC REPORT	DATE OF COE REPORT	DATE TO OMB	DATE TO CONGRESS	HOUSE/ SENATE DOC. NO	REMARKS	IN ADMIN. BILLS?
3. ASA TRANSMITTED REPORT TO CONGRESS								
1.Jekyll Island, GA	20May74	10ct74	3Mar76	16Mar76	15Jun76	HD94-533	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	NO
2.Atlantic Intracoastal Waterway Bridges, NC	NA	6Mar75	10ct75	14Apr76	25Aug76	HD94-597	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recom Modified Cost Sharing.	YES
3.Trimble Wildlife Area Replacement, Smithville Reservoir, MO	24Nov76	NA	22Sep77	4Nov77	19Sep78.	HD95-389	ASA(CW) Advises Congress That OMB Concludes Project Meets Selection Criteria, Subject To Cost Allocation/Cost Sharing	YES
4.Blair & Sitcum Waterways, Tacoma Harbor, WA	31Oct75	11Mar76	8Feb77	11Mar77	1Nov78	HD96-26	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending ASuthorization.	YES
5.Saw Mill Run, Pittsburgh, PA	4Oct74	9Dec74	30Jan78	1Jun78	8Nov78	HD96-25	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
6.Root River Basin, MN	25Jul75	9Dec75	13May77	15Jul77	20Nov78	HD96-17	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
7.Agana River, GU	22Sep75	9Dec75	14Mar77	19Apr77	20Nov78	HD96-16	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
8.Chehalis River-S. Aberdeen & Cosmopolis, WA	4Sep75	15Jun76	8Feb77	23Mar77	20Nov78	HD96-27	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
9.Kodiak Harbor, AK	80ct75	9Dec75	7Sep76	16Nov76	24Nov78	SD96-6	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
0.Little Wood River, Gooding & Shoshone, ID	5Jan77	1Mar77	2Nov77	20Nov77	27Nov78	SD96-9	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
1.Van Winkles Brook, Rahway River, Springfield, NJ	6Nov74	12Feb75	240ct75	9Feb77	27Nov78	HD96-20	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
2.Coney Island Area, Norton Point, NY	11Jan74	70ct75	18Aug76	7Sep76	27Nov78	HD96-23	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	NO
3.Gulfport Harbor, MS (PHI only)	14Feb77	3May77	16Jan78	27Feb78	28Nov78	HD96-18 SD96-8	Favorable For Phase I AE&D Only	YES
4.Libby Reregulation Pwr Units, MT(PHI)	30Apr75	10Dec75	18Jul77	50ct77	12Dec78	HD96-19	Cost Sharing Proposals And Legal,Environmental & Engineering Situations Have Changed Since This Report Was Sent To Cong.	NO
5.Robinson's Branch, Rahway River Basin, Rahway, NJ	6Nov74	9Dec74	10Oct75	9Feb77	12Dec78	HD96-21	Cost Sharing Prop Have Been Rev Since This Report Was Sent To Cong Recom Modified Cost Sharing And Deleting Pumpkin P.	YES
6.Panama City Beaches, FL	30Jun76	190ct76	8Jul77	29Sep77	7Feb79	HD96-65 SD96-18	Cost Sharing Proposals And Policy Have Been Revised. Admin Now Opposes Projects With Primary Recreation Benefits.	NO

48-578 O - 85 - 2

STATUS/ TITLE OF REPORT	DATE OF DIVISION NOTICE	DATE OF BERH/MRC REPORT	DATE OF COE REPORT	DATE TO OMB	DATE TO CONGRESS	HOUSE/ SENATE DOC. NO	REMARKS	IN ADMIN. BILLS?
A. ASA TRANSMITTED REPORT TO CONGRESS (Cont)								
17. Zumbro River, Rochester, MN (PHI)	3Feb78	5Apr78	23Feb79	8Mar79	27Apr79	HD96-115	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
18. Mansfield, Muskingum River Basin, OH	30Apr76	7Dec76	3Feb78	4Dec78	27Apr79	HD96-117	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
19. Cazenovia Creek, Buffalo Metro Area, NY	1May75	11Mar76	8Sep77	11Dec78	1May79	HD96-126 SD96-37	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
20. Des Moines River Basin, IA & MN	3Jul75	12Jan76	22Jul77	11Dec78	31May79	HD96-146 SD96-36	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
21. Upper White Oak Bayou, TX	21Jan77	4May77	13Jun78	15Dec78	3Aug79	HD96-182	Cost Sharing Proposals Have Been Revised Since This Report Was Sent To Congress Recommending Authorization.	YES
22. Davenport, IA (SPAC)	NA	NA	9Jul79	4Feb82	19Jul82	HD97-218	ASA(CW) Supported Authorization Provided Costs Of Mitigation Are Shared In The Same Proportion As The Project W/O Mit.	YES
23. Richard B. Russell Dam & Lake Mitigation, GA & SC	26May81	19Oct81	11May82	24May82	15Sep82	HD97-244	ASA(CW) Recommended No Acquisition Of Separable Lands For F&WL Mitigation; Report For Info And Appropriate Action.	NO
24. Tampa Harbor, East Bay Channel, FL	30Dec77	6Apr78	25Jan79	4Feb82	30Mar83		ASA(CW) Did Not Concur In Auth. OMB Not In Favor In Absence Of User Fee Legislation; Report For Info Only.	NO
25. Fourche Bayou, AR	14Jan80	19Jan81	45ep81	13Oct82	31May83		ASA(CW) Recom Auth Less EQ Area, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater	YES
26. Savannah Harbor Widening, GA	4Nov76	29Jun77	19Dec78	4Feb82	30Jun83	HD98-82	ASA(CW) Did Not Concur In Auth Or Recom Plan; OMB Not In Favor In Abs Of User Fee Leg; Report For Info Only.	YES
27. Hudson River Water Supply (NEWS) Study (PHI Only)	11Nov77	26Jan78	28Mar79	14Apr83	23Aug83	HD98-107	COE Recommended Phase I AE&D Only. ASA(CW) Recommended No Authorization, Since Proposal Was Single Purpose Water Sup.	NO
28. Mamaroneck, Sheldrake & Byram River Basins, NY & CT	30Mar78	12Jul78	4Apr79	26Apr83	2Sep83	HD98-112	ASA(CW) Recom Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater.	YES
29. Yakima River at Yakima & Union Gap, WA	30Nov77	7Nov78	7May80	11Apr83	19Sep83		ASA(CW) Recom Auth Less I-82 Riprap, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Trad, Whichever Is Greater.	YES
30. Rock River at Rockford, IL	9Apr79	2Jan80	15Sep80	22Apr83	4Oct83	HD98-121	ASA(CW) Recom Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater.	YES
31. Deep Water Ship Channel, Sacramento River, CA	24Oct80	12Mar81	20Nov81	3Jun83	4Oct83		ASA(CW) Finds Project Acceptable Except For Cost Sharing; No Recom For Auth Until Sharing Settled; Report For Info.	YES
32. Brazos Island Harbor, TX	15Feb78	3Nov78	20Dec79	4Feb82	4Oct83		ASA(CW) Found Accept Except For Cost Sharing & Recr;No Recom For Auth Until User Fee Leg Enacted; Report For Info Only.	YES
33. Charleston Harbor, SC (PHI)	25Jun80	21Jan81	27Aug81	27May83	4Oct83		ASA(CW) Found Acceptable Except For Cost Sharing; No Recom For Auth Until User Fee Leg Enacted; Report For Info Only.	YES
34. Susquehanna River at Harrisburgh, PA	7Dec77	21Jun78	16May79	8Apr83	5Oct83	HD98-123	ASA(CW) Recom Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater.	YES
35. New Haven Harbor, CT	20May81	15Oct81	26Jul82	27May83	5Oct83		ASA(CW) Found Project Acceptable Except For Cost Sharing; No Recom For Auth Until Cost Recovery Legislation Enacted.	YES

48-578
53

STATUS/ TITLE OF REPORT	DATE OF DIVISION NOTICE	DATE OF BERH/MRC REPORT	DATE OF CDE REPORT	DATE TO OMB	DATE TO CONGRESS	HOUSE/ SENATE DOC. NO	REMARKS	IN ADMIN. BILLS?
A. ASA TRANSMITTED REPORT TO CONGRESS (Cont)								
36.Gowanus Creek Channel, NY	27Nov81	5Apr82	14Sep82	27May83	7Oct83		ASA(CW) Found Acceptable Except For Cost Sharing; No Recom For Auth Until User Fee Leg Enacted; Report For Info Only.	YES
37.San Juan Harbor, PR (PHI)	24Aug81	20Apr82	23Dec82	2Jun83	7Oct83		ASA(CW) Found Acceptable Except For Cost Sharing; No Recom For Auth Until User Fee Leg Enacted; Report For Info Only.	YES
38.Cache Creek Basin, CA	26Oct79	4Jun80	27Apr81	6Jun83	8Nov83	HD98-134	ASA(CW) Recom Auth Of Plan Without Refuge,Subject To Non-Fed Cost Sharing Equal To 35 %, Or Trad, Whichever Is Greater.	YES
39.Redbank and Fancher Creeks, CA	7Mar80	24Jul80	7May81	26Aug83	17Nov83	HD98-147	ASA(CW) Recom NED Plan And Less Recreation, Subj To Non-Fed Cost Sharing Equal To 35 %, Or Trad, Whichever Is Greater.	YES
40.Puerco River & Tribs, Gallup, NM	30Nov79	29Jan81	4Sep81	3Jun83	5Dec83	HD98-149	ASA(CW) Recom NED Plan Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater	YES
41.Oates Creek, Savannah River, GA	31Dec80	29Jun81	23Dec81	27May83	14Dec83	HD98-149	ASA(CW) Recom Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater.	YES
42.Indian River County, FL	31Oct80	12Mar81	21Dec81	2Jun83	20Dec83	HD98-154	ASA(CW) Recommends Auth, Subject To Revised Cost Sharing And Selection Of The NED Plan For The Vero Beach Segment.	YES
43.James River, Richmond, VA(PHI)	2Feb81	11Jun81	16Nov81	8Jul83 22Dec83	21Feb84	HD98-178	ASA(CW) Recom NED Plan Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater	YES
44.Perry Creek, IA	12Jan81	29Jun81	4Feb82	19Sep83 22Dec83	28Feb84	HD98-179	ASA(CW) Recom NED Plan Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater	YES
45.Raritan River Basin, Green Brook Sub-basin, NJ	6Oct80	16Mar81	4Sep81	14Nov83 22Dec83	29Feb84		ASA(CW) Recom NED Plan Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater	YES
46.Lock Haven, PA (PHI)	21Sep80	14Apr81	14Dec81	14Nov83	6Mar84	HD98-187	ASA(CW) Recom NED Plan Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater	YES
47.Logan, Hocking River, OH	13Jan77	3May77	23Jun78	22Aug83 22Dec83	7Mar84	HD98-184	ASA(CW) Recom Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater.	YES
47.Nelsonville, Hocking River, OH	13Jan77	3May77	23Jun78	22Aug83 22Dec83	7Mar84	HD98-184	ASA(CW) Recom Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater.	YES
48.Wilmington Harbor, NE Cape Fear River, NC	8May78	2Jan80	16Sep80	18May83 22Dec83	7Mar84	HD98-185	ASA(CW) Found Project Gen. Acceptable Except For Cost Sharing And Acquisition Of EQ Area; Report For Info Only.	YES
49.Fountain Creek, Pueblo, CO (PHI)	27Jun80	15Apr81	23Dec81	3Jun83	7Mar84	HD98-183	ASA(CW) Recom Auth, Subject To Non-Federal Cost Sharing Equal TO 35 %, Or Traditional, Whichever Is Greater.	YES
50.Miami River Basin, Holes Creek, OH	23Oct80	13Apr81	23Dec81	20Sep83 22Dec83	16Mar84	HD98-196	ASA(CW) Recom NED Plan Auth, Subject to Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater	YES
51.Horn Lake Creek, TN & MS (PHI)	31Aug81	28Jan82	4Jan83	20Sep83 22Dec83	19Mar84	HD98-195	ASA(CW) Recom NED Plan Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater	YES
52.Murray Lock & Dam Hydro, AR	15Dec80	9Jun81	23Dec81	28Jun83 20Dec83	29Mar84		ASA(CW) Advised Congress That Non-Federal Power Construction Is Practical; Therefore, Report Furnished For Info Only.	NO
53.W.D. Mayo Lock & Dam 14 Hydro, OK	19Dec80	9Jun81	23Dec81	20Jun83 20Dec83	29Mar84		ASA(CW) Advised Congress That Non-Federal Power Construction Is Practical; Therefore, Report Furnished For Info Only.	NO

STATUS/ TITLE OF REPORT	DATE OF DIVISION NOTICE	DATE OF BERH/MRC REPORT	DATE OF COE REPORT	DATE TO OMB	DATE TO CONGRESS	HOUSE/ SENATE DOC. NO	REMARKS	IN ADMIN. BILLS?
A. ASA TRANSMITTED REPORT TO CONGRESS (Cont)								
54.Redwood River at Marshall, MN (Sec 216)	15Oct79	16Mar81	16Nov81	9Jun83	5Apr84	HD98-207	ASA(CW) Recom Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater.	YES
55.Eight Mile Cr, AR	10Apr77	24May77	10Aug79	17Jan84	5Apr84	HD98-210	ASA(CW) Recom Auth Less Agri Reach, Subject To Non-Fed Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater	YES
56.Mingo Creek, Tulsa, OK	6Nov80	16Apr81	16Nov81	11Jan84	20Apr84	HD98-212	ASA(CW) Recom NED Plan Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater	YES
57.Bonneville Navigation Lock, WA & OR	21Oct77	5Dec78	14Mar80 10Feb81s	19Apr83	23Apr84		ASA(CW) Advised Congress That Authorization Would Be Premature In The Absence Of Generic User Fee Legislation.	YES
58.Lake Wichita, Holliday Creek, TX	23Dec76	19May78	9Jul79	31Mar83	25Apr84	HD98-219	ASA(CW) Recom Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater.	YES
59.White River Navigation to Batesville, AR	28Sep79	24Jul80	23Dec81	9Feb84	27Apr84		ASA(CW) Found Project Accept Except For Recr & Cost Sharing; No Recom For Auth Until Sharing Enacted;Report For Info.	YES
60.Grand Haven Harbor, MI	5Dec77	30Jun78	9Oct79	11Feb82	24May84	HD98-227	ASA(CW) Found Project Acceptable Except For Cost Sharing; No Recom For Auth Until Sharing Leg Enacted; Report For Info.	YES
61.Jacksonville Harbor, Mill Cove, FL	6Oct80	29Jun81	12Feb82	16Jun83	1Jun84	HD98-233	ASA(CW) Recom Auth Of Flow And Circulation Features But Not The Small Boat Navigation Channel Feature.	YES
62.Crown Bay, St. Thomas, VI	20Oct80	10Jul81	9Apr82	19Jan84	18Jun84	HD98-241	ASA(CW) Advised Cong (Report For Info) That Admin Opposes Auth of Project, Primarily Providing Recreation Services.	NO
63.City Waterway, Tacoma Harbor, WA	NA	NA	5May83	30Apr84	3Jul84	HD98-244	ASA(CW) Concurs With Adjustment Of Commercial Nav Project Boundaries.	YES
64.Sacramento Rvr Fish & Wildlife Program, CA	13Jun80	29Jan81	1Sep81 2Jun83s	25Aug83	10Sep84	HD98-264	ASA(CW) Concurs With Acquisition Of 260 Acres Of Mitigation Lands, Subject To Non-Federal Cost Sharing.	YES
65.Metro Denver & S. Platte Rvr (Westerly Cr), CO, WY & NE	9Jul80	27Mar81	23Dec81 14Jul83s	16Dec83	10Sep84	HD98-265	ASA(CW) Recom Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Or Traditional, Whichever Is Greater.	YES
66.Santa Ana River Main Stem, Incl Santiago Creek, CA (PHI)	10Feb81	29Jun81	15Jan82	16Dec83	4Jan85	HD99-20	ASA(CW) Recom All River Plan,Less Mentone,And Other Changes, Subject To Non-Federal Cost Sharing.	YES
67.Manatee Harbor, FL	16Feb79	21Aug79	12May80	4Feb82	25Jan85	HD99-22	ASA(CW) Did Not Concur In Auth Without Enactment Of Generic User Fee Legislation; Report For Info Only.	YES
68.Oakland Outer Harbor, CA	1Apr77	21Jun78	7Jan80 1Jul83s	4Feb82	1Feb85	HD99-27	ASA(CW) Recommends Authorization Contingent On Enactment Of Appropriate Navigation User Fee Legislation.	YES
69.Quincy Coastal Streams, Town Brook, MA	29Sep80	16Mar81	14Dec81 13Dec84s	13Jun83 14Jan85s	27Feb85	HD99-39	ASA(CW) Recom Auth, Subject To Non-Federal Cost Sharing Equal To 35 %, Consistent With Admin Legislative Proposal	YES
70.Kentucky River, Disposition of L&Ds 5-14, KY	None	None	2Jul84	1Aug84	19Mar85	HD99-49	ASA(CW) Concurs In Disposal Auth By Amending PL84-99b To Add Ky R L&Ds 5-14.	YES
71.Gallipolis Locks & Dam Repl, OH & WV (PHI)	4May81	15Oct81	8Apr82 13Aug83s	23Jan85	4Apr85		ASA(CW) Recom Auth Contingent Upon Enactment Of Generic Cost Sharing Legislation.	YES
72.Monroe Harbor, MI	21Mar80	22Jan81	25Nov81	9Jun83	14May85		ASA(CW) Recom Auth Contingent Upon Enactment Of Generic Cost Sharing Legislation.	YES

STATUS/ TITLE OF REPORT	DATE OF DIVISION NOTICE	DATE OF BERH/MRC REPORT	DATE OF COE REPORT	DATE TO OMB	DATE TO CONGRESS	HOUSE/ SENATE DOC. NO	REMARKS	IN ADMIN. BILLS?
A. ASA TRANSMITTED REPORT TO CONGRESS (Cont)								
B. ASA INFORMED CONGRESS - REPORT NOT TRANSMITTED								
1.Louisiana State Penitentiary, Mississippi River, LA	28Jan82	19Apr82	10Dec82	6Jun83	3Aug83		ASA(CW) Advised Cong (Report Not Sent) That Fed Financial Participation In State Levee Improvements Not Appropriate.	NO
2.Olcott Harbor, NY	24Jan79	21Aug79	11Jun80	11Apr83	22Feb84		ASA(CW) Advised Cong (Report Not Sent) That Primarily Recreation Project Inconsistent With Admin Budget Priorities.	NO
3.Green Bay Levee & Drain Dist No. 2, Mississippi River, IA	2Nov79	23Sep80	21Oct81	13Jun83	22Feb84		ASA(CW) Advised Congress (Report Not Sent) Of OMB View That Fed Participation In Mod Of Existing Levees Not Appropriate	NO
4.Charlotte Co, FL	22Dec80	29Jun81	2Apr82	22Jun83	22Feb84		ASA(CW) Advised Cong (Report Not Sent) That Admin Opposes Auth Of Project, Primarily Providing Recreation Services.	NO
5.Lava Flow Control, HI	30May80	15Dec80	21Jul81	13Dec83	24Feb84		ASA(CW) Advised Cong (Report Not Sent) That Providing The Corps With Additional Disaster Assist Auth Not Necessary.	NO
6.Lake Pontchartrain, No. Shore, LA	28Mar77	17Jan78	14Feb79	29Dec83	28Feb84		ASA(CW) Advised Cong (Report Not Sent) That Project With Primarily Recreation Services Not Consistent With Priorities	NO
7.Village Creek, AL	21Sep81	5Apr82	23Dec82	6Jun83	2Mar84		ASA(CW) Advised Cong (Report Not Sent) That Admin Concludes This Project Is Not Appropriate Federal Activity.	NO
8.Southcentral Railbelt, Valdez, AK	31Aug81	1Apr82	29Oct82	14Jun83	6Apr84		ASA(CW) Advised Cong (Report Not Sent) That Construction Of Single-Purpose Power Facility Should Be Non-Fed Perogative.	NO
9.Folly Beach, SC	31Dec79	30Apr80	17Mar81	20Dec83 3Jan84	6Apr84		ASA(CW) Advised Cong (Report Not Sent) That Admin Opposes Auth Of Project, Primarily Providing Recreation Services.	NO
10.Atlantic Coast of MD & Assateague Island, VA	16Oct80	31Mar81	29Sep81	27May83	13Apr84		ASA(CW) Advised Cong (Report Not Sent) That Admin Opposes Auth Of Project, Primarily Providing Recreation Services.	NO
11.St. Johns County, FL	24Apr78	2Apr79	26Feb80	8Apr83	15May84		ASA(CW) Advised Cong (Report Not Sent) That Admin Opposes Auth Of Project, Primarily Providing Recreation Services.	NO
12.Greenville Harbor, MS (PHI)	None	3Mar76	15Nov77	9Jun78	6Jul84		ASA(CW) Advised Cong (Report Not Sent) That Admin Opposes Auth Of Project To Enlarge Supply Of Industrial Land.	NO
13.Vicksburg Harbor, MS	20Aug76	13Sep76	22Feb82s 13Aug79	2May84s 3May84	6Jul84		ASA(CW) Advised Cong (Report Not Sent) That Admin Opposes Auth Of Project To Enlarge Supply Of Industrial Land.	NO
14.Phillips Co, Helena Hbr, AR	16Jan78	7Mar78	17Oct80	3May84	6Jul84		ASA(CW) Advised Cong (Report Not Sent) That Admin Opposes Auth Of Project To Enlarge Supply Of Industrial Land.	NO
15.Memphis Harbor, TN	30Mar77	24May77	25Feb81	2May84	6Jul84		ASA(CW) Advised Cong (Report Not Sent) That Admin Opposes Auth Of Project To Enlarge Supply Of Industrial Land.	NO
16.Scammon Bay Small Hydro, AK	8Jun82	12Oct82	9Aug83	3May84	6Jul84		ASA(CW) Advised Cong (Report Not Sent) That Construction Of Single-Purpose Power Facility Should Be Non-Fed Perogative.	NO
17.Cabin Creek, Kanawha Co, WV (Demo Reclamation Proj)	19Aug77	17Jan78	1Mar79	27Jul83	31Jul84		ASA(CW) Advised Cong (Report Not Sent) That Admin Opposes Auth Of This Demo Project Until Mine Reclamation Complete.	NO
18.Dade County, N. of Haulover Beach, FL	11Aug82	19Jan83	27Dec83	24Apr84	20Aug84		ASA(CW) Advised Cong (Report Not Sent) That Admin Opposes Auth Of Project, Primarily Providing Recreation Services.	NO

STATUS/ TITLE OF REPORT	DATE OF DIVISION NOTICE	DATE OF BERH/MRC REPORT	DATE OF COE REPORT	DATE TO OMB	DATE TO CONGRESS	HOUSE/ SENATE DOC. NO	REMARKS	IN ADMIN. BILLS?
B. ASA INFORMED CONGRESS - REPORT NOT TRANSMITTED (Cont)								
19. Indiana Shoreline, IN	10Sep82	28Jan83	18Nov83	24Apr84	30Aug84		ASA(CW) Advised Cong (Report Not Sent) That Corps Project To Provide Primarily Recreation Opportunities Not Approp.	NO
20. Metro Atlanta W.P.M.S., Lake Lanier Reregulation Dam, GA	30Mar81	28Oct81	1Jun82 7Sep83s	22Oct82 30Nov83s	8Jan85		ASA(CW) Advised Cong (Report Not Sent) That Admin Opposes Auth; Project More Appropriate For Non-Federal Construction	NO
21. Maumee Bay State Park, OH	30Aug83	26Jan84	9Jul84	20Aug84	7Mar85		ASA(CW) Advised Cong (Report Not Sent) That This Primarily Recreation Project Inconsistent With Admin Budget Priorities	NO
22. L&D 9, Ark R&T, AR & OK	30Aug82	19Jan83	1Sep83	27Apr84	1May85		ASA(CW) Advised Cong (Report Not Sent) That Auth Not Appropriate, Since Non-Fed Hydro Development Is Practical.	NO
22. L&D 13, Ark R&T, AR & OK	30Aug82	19Jan83	1Sep83	27Apr84	1May85		ASA(CW) Advised Cong (Report Not Sent) That Auth Not Appropriate, Since Non-Fed Hydro Development Is Practical.	NO
22. Toad Suck Ferry, Ark R&T, AR & OK	30Aug82	19Jan83	1Sep83	27Apr84	1May85		ASA(CW) Advised Cong (Report Not Sent) That Auth Not Appropriate, Since Non-Fed Hydro Development Is Practical.	NO
C. CLEARED BY OMB								
1. Norfolk Harbor & Channels, VA	29Aug80	21Jan81	20Nov81	25May82				YES
D. WITH OMB								
1. Great Lks/St Lawrence Nav Seas Ext MN, WI, MI, OH, PA, NY			3Mar82	9Mar84				NO
2. Bushley Bayou, Red River, LA (PHI)	18Aug78	17Aug78	30Apr80 12Aug82s	7Jun84				NO
3. Monroe County, FL	28Apr82	18Jul83	27Apr84	20Aug84				NO
4. Kill Van Kull, Newark Bay Channels, NY & NJ	30Oct80	10Jun81	14Dec81	10Jan85				NO
5. Gulf to Baton Rouge, Mississippi River Ship Channel, LA	30Oct81	1Apr82	9Apr83	25Apr85				NO
6. Mobile Harbor Deepening, AL	6Nov80	18Mar81	18Nov81	25Apr85				NO
7. Parker Lake, Muddy Boggy Creek, OK	14May76	2Nov76	30May80	25Apr85				NO
8. Scioto River, N. Chillicothe, OH	29Sep80	27Mar81	4Sep81 1Feb85s	25Apr85				NO
9. Mt. St. Helens Sedimentation Control, WA	2Nov84	9Jan85	3Apr85 7May85	10May85				NO
E. WITH ASA								
1. Halstead, KS	23Dec76	29Jun77	8May79					NO

48-578
57

STATUS/ TITLE OF REPORT	DATE OF DIVISION NOTICE	DATE OF BERH/MRC REPORT	DATE OF COE REPORT	DATE TO OMB	DATE TO CONGRESS	HOUSE/ SENATE DOC. NO	REMARKS	IN ADMIN. BILLS?
E. WITH ASA (Cont)								
2. Colorado River & Trib, Boggy Creek, TX	10Dec79	30Apr80	19Jan81					NO
3. McNary Lock & Dam, 2nd Powerhouse, OR & WA (PHI)	30Nov79	6May80	24Jun81					NO
4. Cape May Inlet to Lower Township, NJ (PHI)	80ct80	29Jun81	23Dec81					NO
5. Cooper Lake and Channels Mitigation, TX	22Apr81	19Oct81	21May82					NO
6. Richmond Harbor, CA	4Dec81	5Apr82	8Aug82					NO
7. Maline Creek, MO	13Mar81	5Apr82	2Nov82					NO
8. Nonconnah Creek, TN & MS (PHI)	28Sep81	28Jan82	23Dec82					NO
9. Brush Creek & Tribs, MO & KS	20Nov81	1Apr82	3Jan83					NO
10. St. Johns Bayou & New Madrid Floodway, MO (PHI)	29Sep80	29Jan82	4Jan83					NO
11. Atchafalaya Basin Floodway System, LA	15Jan82	20Apr82	28Feb83					NO
12. Big River Reservoir, RI	3Aug81	5Apr82	9Mar83					NO
13. St. Paul, Mississippi River, MN (Sec 216)	30Apr82	22Sep82	16Jun83					NO
14. Helena & Vicinity, AR	150ct82	16Dec82	22Jun83					NO
15. Fairfield, OH	26Apr82	250ct82	22Jun83					NO
16. Bethel Bank Stabilization, AK	30Jun82	26Jan83	30Jul83					NO
17. Blue River Lake, OR	30Jun82	22Sep82	9Aug83					NO
18. Saint Paul Island Harbor, AK	30Jun82	24Jan83	10Aug83					NO
19. Alenaio Stream, HI	15Jul82	18Jan83	15Aug83					NO
20. Fry Creeks, Tulsa, OK	30Sep82	18Jan83	7Sep83					NO
21. Wyoming Valley, PA (PHI)	18Feb82	1Nov82	19Oct83					NO
22. Hampton Roads Drift Removal, VA	13Aug82	19Jan83	19Oct83					NO
23. Upper Little Arkansas River Watershed, KS	31Aug82	19Jan83	15Dec83					NO
24. Wrightsville Beach, NC	30Dec82	23Mar83	19Dec83					NO
25. South Quincy Drainage & Levee District, IL	5Nov82	25Mar83	24Jan84					NO
26. Willoughby Spit & vic, VA	1Apr83	8Aug83	17Apr84					NO
27. Sims Bayou, TX	21Mar83	18Jul83	17Apr84					NO
28. Park River, Grafton, ND	28Feb83	18Jul83	17Apr84					NO
29. Threemile Creek, AL	7Feb83	18Jul83	20Apr84					NO

STATUS/ TITLE OF REPORT	DATE OF DIVISION NOTICE	DATE OF BERH/MRC REPORT	DATE OF COE REPORT	DATE TO OMB	DATE TO CONGRESS	HOUSE/ SENATE DOC. NO	REMARKS	IN ADMIN. BILLS?
E. WITH ASA (Cont)								
30. Missouri River Bank Stab & Nav Mitigation, IA, NE, MO, KS	15Jun81	30Sep82	24Apr84					NO
31. St. Louis Harbor, MO & IL	29Nov82	6Apr83	30Apr84					NO
32. Centralia-Chehalis, WA	11Apr83	18Oct83	20Jun84					NO
33. Tonawanda Creek, Buffalo Metro Area, NY	30Jul82	19Oct83	2Jul84					NO
34. Little Calumet River, IN (PHI)	12Oct82	14Nov83	2Jul84					NO
35. Yazoo River Mitigation, MS	16Aug82	16Dec82	12Jul84					NO
36. Duluth-Superior Harbor, MN & WI	5Nov82	4Apr83	16Aug84					NO
37. Ft. Gibson Lake, Powerhouse Extension, OK	11Mar83	18Jul83	16Aug84					NO
38. Sheyenne River, ND	25Apr83	23Jan84	22Aug84					NO
39. West Memphis & vic, AR (MRC)	30Dec82	25Apr83	7Sep84					NO
40. Grays Landing, L&D 7, Monongahela River, PA	6Jan84	21Mar84	24Sep84					NO
40. Point Marion, L&D 8, Monongahela River, PA	6Jan84	21Mar84	24Sep84					NO
41. Casino Beach, Illinois Shoreline, IL	27Apr83	1Dec83	26Sep84					NO
42. William Oliver Bacon Lock, AL	17Aug83	1Dec83	26Sep84					NO
43. North Branch Chicago River, IL	7Sep83	3Jan84	29Oct84					NO
44. Ramapo and Mahwah Rivers, NJ & NY	30Dec83	21Mar84	27Nov84					NO
45. Hilo Harbor, HI	26Feb82	18Jul83	4Dec84					NO
46. Cape Girardeau, MO	17Feb84	21Mar84	8Dec84					NO
47. Red River Waterway, F&W Mitigation, LA	8Nov83	21Mar84	28Dec84					NO
48. Sugar Creek Basin, NC & SC	19Mar84	13Jun84	1Feb85					NO
49. Lorain Harbor, OH	27Jan84	13Jun84	5Feb85					NO
50. Portsmouth Harbor & Piscataqua River, NH & ME	4Apr83	21Mar84	25Feb85					NO
51. Sowashee Creek, Meridian, MS (PHI)	30Mar84	13Jun84	25Feb85					NO
52. Lower Snake River F&WL Compensation, WA & ID	5Jul83	NA	6Mar85					NO
53. Dresden Lock & Dam Hydro, IL	23Jul82	18Jan83	23Mar85				COE Advised ASA(CW) That Auth Not Appropriate, Since Non-Federal Hydro Development Is Practical.	NO

STATUS/ TITLE OF REPORT	DATE OF DIVISION NOTICE	DATE OF BERH/MRC REPORT	DATE OF COE REPORT	DATE TO OMB	DATE TO CONGRESS	HL SENATE DOC. NO	REMARKS	I. ADMIN. BILLS?
E. WITH ASA (Cont)								
54. Wando River, Charleston Harbor, SC	28Mar84	13Jun84	1May85					NO
55. Grays Harbor, WA	15Sep82	17Jan83	4May85					NO
56. Roughans Point, Revere, MA	3Jan83	24Jan84	4May85					NO
F. PREPARING FINAL REPORT SUPPLEMENTS								
1. Lucky Peak, ID	10Apr78	21Jun78	17Mar80	4Feb82			Hydropower At This Existing Corps Project Being Developed By Non-Federal Interests Under FERC License.	NO
2. Middle Rio Grande Flood Prot, Bernalillo to Belen, NM	17Sep79	2Jun80	23Jun81				Reevaluation Of Alternative Plans Underway	NO
3. Little Colorado River at Holbrook, AZ	31Dec80	29Jun81	23Dec81				Reevaluation Of Alternative Plans Underway.	NO

Mr. ROE. The gentleman from Minnesota.

Mr. STANGELAND. And a followup on that, Mr. Dawson. How long does it take after they have gone through the district and division offices for your office to sign off on a project?

Mr. DAWSON. It varies, Mr. Stangeland, depending on the complexity of the project, the amount of money involved, the quality of the analysis that's already been done before it gets to us.

Mr. STANGELAND. Aren't those procedures always the same? The quality of analysis, isn't that the same as it goes up the steps? Are there different procedures taken to analyze the quality of a project in one district as opposed to another district and one division as opposed to another division?

Mr. DAWSON. Well, we, of course, would hope that the quality would always be high, but the whole purpose of subsequent review, is to try to improve the quality of that report, at each step. If we don't do that, then we might as well not be doing the review. So our hope is that by challenging the quality at each step, by the time we send it to you, we would have a report that you could have complete confidence in.

Mr. STANGELAND. Well, I guess the point to make is that the district looks at it, the division looks at it, the Board of Engineers for Rivers and Harbors looks at it, and then you look at it—and the chief looks at it before you. And then you get it. Why should it take so long, I guess is the question?

Mr. DAWSON. Well, it's a concern of ours, too, Mr. Stangeland, and I hope we can find a way to move faster. I think one way that will help to solve this is if we succeed this year and get a bill, then it will become a much more meaningful exercise. I think one of the things that has impeded us in the allocation of limited staff time is an argument that comes up from time to time, "Is this a pointless exercise or not?" You and I know that it is not, but I think if we can get a bill and show that there is lifeblood in this program again, then a number of these things will flow much smoother.

Mr. STANGELAND. Do the Corps of Engineers, the Bureau of Reclamation, the Soil Conservation Service all follow the same cost-sharing policies? And if not, why is this so, particularly in light of the Laxalt letter to the last Congress?

Mr. DAWSON. Mr. Stangeland, I think in principle we do, although the programs are different that you listed, and that requires some different approach. But the basic principles enunciated in the Laxalt letter, in my opinion, are being carried out by all of those agencies. Certainly, we feel that our policies are consistant with the Laxalt letter. And the main points, I think, in that Laxalt letter are that you look at projects on a case-by-case basis but at the same time you have a consistency of project purpose, cost sharing. And that consistency, we felt, is very important just to keep a program together so that one part of the country or one community doesn't feel that they're getting as fair a deal as some other.

Mr. STANGELAND. Well, how do the cost-sharing policies of those three agencies currently differ?

Mr. DAWSON. I am not aware, Mr. Stangeland, of any differences. What I would be pleased to do is supply for the record any differences in approach that we are aware of that are created because of the differences inherent in the programs themselves.

In other words, the Bureau of Reclamation program differs from ours in that they tend to have a very few large projects; the corps on the other hand has much larger number of projects that don't tend to be quite that large. There are other differences with the Soil Conservation Service. But with your concurrence, I will look into that further and give you more detail for the record.

[The following was received from Mr. Dawson:]

The cost sharing policies of the Bureau of Reclamation and the Soil Conservation Service (as well as the Corps of Engineers) in the past have been substantially different from those we are now proposing. It is our understanding from discussions with the Office of Management and Budget (OMB) that the Bureau's new construction starts in the Budget for fiscal year 1986 include enhanced financing. We have also been advised that OMB will continue to review all proposals for consistency in cost sharing for individual project purposes. However, there will be cases where prior commitments have been made to States or others or where congressional direction may require a significant deviation. With regard to programs of the Soil Conservation Service, I am sure you are aware that the administration has proposed that their programs which are comparable to the other two agencies be phased out.

Mr. STANGELAND. Well, here are just some examples. In flood control the corps has 65 percent Federal share in the administration's recommendation, 35 percent non-Federal in upfront payment for local protection projects. The Bureau has 100 percent Federal share and a nonreimbursable allocation and zero percent non-Federal.

In the area of hydropower, zero percent Federal, 100 percent non-Federal, upfront payment. The Bureau is the same on that, zero percent Federal and 100 percent non-Federal, but it's reimbursable.

As you go down to water supply, 65 percent Federal for the corps, 35 percent non-Federal is the goal, upfront payment, and the Bureau is variable, repayment without interest subject to ability to pay.

Mr. DAWSON. Mr. Stangeland, I might point out to you that in the President's fiscal year 1986 budget we have 29 new starts, 13 carried over from previous years and 16 added this year. The Bureau of Reclamation has 3 carried over from previous years and name added this year. I think that may say something about the approach of the two agencies. I don't believe, as a practical matter, those differences exist as far as our going out on new projects that we're trying to put together. Now, I am not sure how it applies on the things that are already underway.

Mr. STANGELAND. OK. In your proposed omnibus legislation, H.R. 1557, you suggest for most general cargo ports a cost-sharing scheme under which the non-Federal sponsors would be required to pay 70 percent of both new construction and O&M costs.

As I understand it, at the same time, you are negotiating or have negotiated with the sponsors of five port projects with a view toward securing administration support for new start construction of those ports in return for a 50–50 cost-sharing agreement. Could you explain the discrepancy there?

Mr. DAWSON. Yes, sir. While 70 percent is certainly our policy, and is my policy today, what I am about to say I think shows the flexibility that we have as we approach this problem.

Last fall when we had the choice of whether we would sit and wait and do nothing on new starts or go out around the country

and try to put a few new starts together, we decided to move out and try to negotiate some arrangements. At that time, with OMB's clearance, we approached the sponsors of ports on a 50–50 cost-sharing basis. We were able to come to agreement with four ports on that 50–50 basis. In the meantime, and subsequent to that, we got our legislation cleared through the process that did have a 70 percent cost share.

At OMB's suggestion, we went back to those four sponsors and asked them if they would agree to the 70 percent should the Congress decide that that was the appropriate level. We did not abandon those 50–50 agreements, however, and we still have those in the President's budget. So while there is an inconsistency there, I would hope that inconsistency might be read as flexibility rather than any negative inconsistency.

Mrs. BENTLEY. Would the gentleman yield?

Mr. STANGELAND. I would be happy to yield to Mrs. Bentley.

Mrs. BENTLEY. Could we get the names of those ports, please?

Mr. DAWSON. There are four. Yes, ma'am. It is Savannah; Sacramento; Freeport, TX; and Ponce, PR.

Mrs. BENTLEY. There were only four?

Mr. DAWSON. That's correct.

Mrs. BENTLEY. Thank you.

Thank you for yielding.

Mr. STANGELAND. Thank you.

Mr. Chairman, I have more questions, but I will yield for some of the other members at this time.

Mr. ROE. All right. The Chair now recognizes the distinguished gentleman from California, Mr. Bosco.

Mr. BOSCO. Thank you, Mr. Chairman.

I want to thank the Secretary and his colleagues, and you, Mr. Chairman, for the hard work you have put in on this subject.

But I can't help thinking—and I think all of us have this in the back of our minds—that we are moving way too slowly on these projects. On one hand you have a public that is impatient with expenditures and the press that seems to be overly willing to categorize each one as pork barreling, and on the other hand we have a mounting public infrastructure need.

The chairman of our full committee was quoted in the Wall Street Journal yesterday as saying that he thinks there is about a $450 billion need in the country right now. I think others have doubled that. And we haven't had a major authorization for the Army here since 1970.

I know you said in your testimony, Mr. Secretary, that we have to expect lesser and lesser levels of Federal expenditures in the future. But I don't think we could make any more careless appraisal of our future than to think we could get by without spending money on our infrastructure.

It really does support our country's entire business structure and how we can say that with probably a $1 trillion need we are going to be able to get by with these $4 or $5 or $6 billion bills every 10 years, you know, I can't fathom that.

Mr. DAWSON. Mr. Congressman, if I might respond to that. I fully agree with your point. I believe that is a good argument for our

approach to this problem. I don't think it's realistic to expect that we're going to get those kind of dollars out of the Federal Treasury.

The way, in my judgment, that we can preserve these good programs that do produce benefits is to rely more and more on the beneficiaries of those programs. That way we can keep the ball rolling and yet face the budgetary reality that you just mentioned and, at the same time, I think, refute in a very, very clear way the old pork barrel criticism, because if the beneficiaries are paying a significant part, then it's prima facie, it seems to me, that it's a solid project with real benefits because those benefits are being translated into dollars to go into the projects.

Mr. BOSCO. Well, thank you very much, Mr. Chairman.

Thank you, Mr. Secretary.

Mr. ROE. I thank the gentleman.

The Chair recognizes the gentleman from Pennsylvania, Mr. Clinger.

Mr. CLINGER. Thank you very much, Mr. Chairman.

I would like to join in the welcome to our former colleague, Mr. Dawson, and welcome you to the committee, Bob.

Mr. DAWSON. Thank you, sir.

Mr. CLINGER. You have alluded earlier to the criticism which is raised in opposition to the proposal contained in the legislation that you presented, which is that the substantially increased cost-sharing requirement, that rather than providing an adequate or effective market test leading to a selection of the most worthwhile projects, it will in fact tend to favor, tend to give an advantage to the better-off, more-well-to-do areas of the country and will perhaps result in really a handicap for the less-well-to-do areas that will have extreme difficulty coming up with the local share costs that you are talking about.

You indicated that you would be willing to discuss that during the question period. I wonder if you could amplify on your statement, as I understood it, that you didn't feel that would be the case?

Mr. DAWSON. Yes, sir. And thank you very much for that question. The real-world experience that we have had, Mr. Congressman, over the last 3 or 4 years, trying to put together new starts, has just shown that that is frankly a smokescreen. It's not, in our judgment, a valid issue, though certainly a valid concern.

Let me explain on that. The cost-benefit ratio approach to projects, which is a historic approach, we have not changed that at all. That has always weeded out a number of communities where the benefits aren't there. Perhaps it's a community where the property to be protected does not have the same value. We have not changed that. In other words, our strong view, backed up by experience, is that if a project passes the Corps of Engineers' cost-benefit ratio test, then there are going to be benefits there that can be translated into cost sharing irrespective of the community's wealth or lack of wealth.

One of the things we think we have to do is help smaller communities and poorer communities find the financial mechanisms. They don't have an army of financial wizards available to them, in many cases. We think the Corps of Engineers can do more in that regard.

To give you a concrete example, in developing the 29 new starts that are in the President's budget, we didn't pick and choose those among wealthy or less wealthy communities. What we did was look at 40 candidates that the Corps of Engineers gave us that they felt were the best candidates.

Mr. CLINGER. Let me just interrupt you there. On what was that criteria based? In other words, how did they select those as being the best candidates?

Mr. DAWSON. OK. Those were the ones that were ready for a construction start and also had the strongest benefit-cost ratios. We looked at those and at all other projects ready for construction, and chose 22 as final candidates. We went around the country talking to local sponsors to see if we could put together an agreement based on our cost-sharing package that would let us put those projects in the President's budget. For 15 of those 22, we reached an agreement, and not a single one of them turned us down because of inability to pay. We also have the Gallipolis project which doesn't require a sponsor. We added these 16 to the projects for which we reached agreement in the last 3 years, making a total of 29 new start projects.

Now, nobody liked the idea of paying more. Nobody was rushing to come in to pay more. But the point is that the practical real-world application of our policies did not reveal that as a problem. Now we do, though, recognize that there may be situations out there, and we are willing to work with the committee to devise a process that is fair and equitable and workable to accommodate any situations like that.

In the flood control area, which I think is where we might encounter that the soonest, we have come up with a proposal, and part of our policy is to loan the money to a community for a flood control project if they are unable to come up with their own money up front, and they would pay that money back, though, at the interest that the Federal Government is having to pay on it. And we find that most communities can do better with their own borrowing abilities than the Federal Government's interest rate.

I would point out that we do have one of our new starts in a community that could not come up with the money up front and we did in fact utilize this Federal loan mechanism in that one case. So we think our policies do give us the maneuvering room that we need. Again, though, we are open to working with you.

The problem that I would urge you to help us avoid, though, Mr. Clinger, is that if we aren't consistent in our application, I think you know better than I, if we give a deal to a project in Congressman X's district and then we have a different arrangement in your district that is less favorable to your people then, or if the Congress did the same thing, they talk to each other and our whole program would unravel. So consistency, wherever we go around the country, we think is critical if we are able to keep the program together.

Mr. ROE. Would the gentleman yield?

Mr. CLINGER. I would be happy to yield.

Mr. ROE. Well, that sounds good, but those aren't the facts, because, No. 1, the whole thesis of the cost-benefit ratio takes in a lot of archaic assumptions to begin with. I mean there is nobody on

this committee who has analyzed this situation on a cost-benefit ratio who doesn't understand that issue.

For example, the following: there are other mechanisms that are built into the law that denigrate urban areas. For example, there are requirements on a certain c.f.s. flow, cubic-feet-per-second flow, versus the argument whether it's drainage water or flood water. Now, that affects almost every urban area in the country. In our legislation, now H.R. 6, we have recommended that that be modified. Otherwise, there is not one single one of those areas that can ever become a so-called magical point of cost-benefit ratio. There is no way they can make it. And we have analyzed every single project from 1916 to every single project before the Corps to this day.

That is one item alone. So therefore, those people never even get into the mainstream, because they are ruled out immediately because your cost-benefit ratio does not accommodate that.

Now, the question is, does a cost-benefit ratio only deal in tangible items? One of the big problems we are faced with is what do we do on environmental issues. The point in question is that there is no other way that we can figure that that can be done unless they are going to denigrate the balance of those wetlands that are left there. Now, that is an expensive proposition. This committee put that in and recognized that it threw the cost-benefit ratio right out the window. The fact remains, should that be something that is a responsibility of Congress? Is it a responsibility of the Corps? Should we be doing something with that, or should we ignore or say that you can't be eligible because you have to figure in your environmental costs? That's item No. 2 along the line.

We have had section after section, area after area, down in Jacksonville, MS, and in Alabama and other States, where the resources are just not there to be able to correct the situation.

And we do not include human factors. In the Passaic River Basin alone this past year, they spent $15–18 million and, 6,000 people were moved out of their homes. And now those homes need replacing. That's the reason we put in the buy-out.

What I would like the Corps to think about is that we are not just dealing in nickels and dimes for my district or somebody else's district. We are trying to say that every American has the opportunity for equal protection under the law. If there is some system that we have devised and we have not included human values, and we have not included environmental values, we have set up sections of the law that absolutely prohibit areas from participating, that in my word does not come back to consistency. That is not fair either. And that is what this committee has been trying to wrestle with.

We are trying to say to the administration, it's not the rich or poor alone that's the issue. The question is that equal treatment under the law by the American people is what we are trying to devise, and if an area is poorer than another area, then they ought to be protected under that law from those same floods as somebody who is in a so-called well-to-do area.

I think that is the substance of what the gentleman from Pennsylvania is developing. If I am wrong, correct me. And what we are saying here is that they don't even get a chance to be considered to

participate unless they meet the magic one-to-one cost-benefit ratio. They don't even get a chance to be considered.

Mr. DAWSON. Mr. Chairman, I think you——

Mr. ROE. Certainly not by OMB. Let me put it that way.

Mr. DAWSON. Mr. Chairman, you have made some good points there, and you and I have discussed some of these issues before. I think the task at hand, however, is how do we get something done with limited dollars and what is a fair approach to that.

Mr. ROE. If the gentleman would yield. We may be not on the right track here. Let me point something out to you, that this Congress, the House of Representatives stood up like a lion like I have never seen it do before, the last time around, simply because of equity and fair play. Do I have the right to say to somebody because I am chairman of this committee that New Jersey should get a better treatment? Do I have the right to say Mississippi shouldn't, or Washington shouldn't, because of the budget issue? We could have put many projects into New Jersey simply because of the weight of the office—and I say this openly in 1985—and we refrained from doing that. There is not one leader on this committee, Democrat or Republican alike, that asked for anything that wasn't going to be fair for somebody else.

So the committee has moved in the direction of equity and fair play. That's where the unanimity of support came from. That's where it's coming from today. I want nothing in my State that isn't going to go to Mississippi or Minnesota or any other State. That's what we're trying to say.

We are saying if we set up artificial tests and artificial situations, that is not fair to the Members of Congress nor to the administration nor to the people. And pardon my enthusiasm. But I just want to set that really in stone, because that's how we feel about it.

Mr. DAWSON. Well, and I certainly agree, Mr. Chairman. Again, though, I think the issue is that a year from now when this game is over and it's been won or been lost, I know you and I want to be able to say that we've been fair and we've been equitable, but we also want to say we got a bill and that we got something through.

Mr. ROE. But if we have to go and pit one section of the country against the other to get a bill, no way is this chairman going to vote for that, nor will it ever get to the floor of this House. That's the point. I happen to believe that the water crisis in this country is extraordinary and goes far beyond what the average person even begins to understand.

Here, after 25 years—and pardon my taking this much time—in the northeastern part of this State right now our reservoirs are lower than they have been in 25 years right now, and we're going to wait a little bit longer. Do you understand what I am trying to get at? What about when they close down the irrigation programs in California, what about the food products involved there? And we could go on, but I don't want to take more time.

The gentleman from Pennsylvania.

Mr. CLINGER. Thank you, Mr. Chairman. I just have one more question for Bob.

It relates to the cost-sharing proposal with regard to flood control projects. You apply an ability-to-pay test in combination with a na-

tional uniform goal of 35 percent local cost sharing, as I understand it, to determine a specific cost share for any project. Is this ability-to-pay test applied only to the flood control projects, or is it applied to all projects? And if not, why not?

Mr. DAWSON. It is only the flood control projects, Mr. Clinger. The reason for that—and recreation. Excuse me.

Mr. CLINGER. It's applied to flood control and recreation?

Mr. DAWSON. And recreation. The reason for that is the vendibility of those products, the other products. It's our view that things like hydropower, municipal and industrial water supply are highly vendible and can be much more easily translated by the non-Federal sponsor into cost sharing on their part. So that's our reason for approaching those differently.

Mr. CLINGER. Thank you.

Thank you, Mr. Chairman.

Mr. ROE. The gentleman from New York, Mr. Nowak.

Mr. NOWAK. Thank you very much, Mr. Chairman. I, too, want to welcome our former colleague here to testify. I think the statement that he presented is one of the very clearest I have ever seen in this area, and it certainly gives us the opportunity to work with the tenets in this document. And we certainly appreciate his further cooperation.

His statement in the beginning concerning the work of this committee and as led by this chairman over the last two years, as far as I am concerned, is unequaled in the annals I think not only of the Public Works Committee but in Congress.

This legislation has been gone over with a finetooth comb for so many different areas of the country, and when we look at the total document we have produced, I think we are very proud of it. And yet, knowing the kind of structure that we're in with the budget, there has to be, I honestly believe, as you have testified, Mr. Secretary, some room to actually have a bill. And that, in my mind, is going to be very important as we go along in trying to craft, hopefully, a piece of legislation that will have great bipartisan support not only in the House but also in the Senate, and certainly, from your work in the administration.

The suggestion on other provisions that you have listed I think are very, very important. On your other proposals, we talk about the authorized advanced engineering and design prior to construction authorization so as to eliminate the existing gap between the time the project is planned and the initiation of engineering and design.

I wonder if you could explain how that would speed up and where we would be able to save time. Somebody else mentioned the question, how long do we wait for these projects.

Mr. DAWSON. Yes, sir.

Mr. NOWAK. Isn't this an indication of what you are trying to do?

Mr. DAWSON. It surely is, Mr. Nowak. The point there, as you have indicated, is that when we have a project that you folks have indicated your approval of and we also agree that it's a good project, it's a shame for us not to move expeditiously through the planning process. And what we have had in the past is a tendency, once we have finished the planning step, to have a lag before we got into the plans and specs.

What this would do, with your support, is enable us to go right on through without another action by the Congress at that stage of the game. Congress would still have its prerogatives protected in that we would not begin actual construction, of course, until moneys were appropriated for that purpose.

Mr. NOWAK. The other suggestions also, I think, would all lead to speed up the procedure and still protect those prerogatives that you talked about.

One of the cost-sharing problems, especially with the 100 percent, and you're looking at the large ports for those, 45 feet or above, when we look at your proposals for cost sharing across the board—in other words, if it's an import or an export—you're talking about straight tonnage shipping. Is that correct?

Mr. DAWSON. Yes, sir, that's right, although I have emphasized every chance I have had that we are open to other approaches to that. If this committee were to find another way to generate the same revenues that you found to be more equitable or more workable, we are certainly open to that.

Mr. NOWAK. One of the suggestions that had been made to help us along the way—and I am trying to look at this in more detail—but that has been thrown out to help our trade deficit problem as well as our budget problem, of course, is to put some additional tariffs on those types of goods that are coming into the country in numbers especially where there is some subsidization being performed by the exporting country on that particular product or group of products.

I am just wondering if it wouldn't be advantageous to look at imports coming in to accomplish all these purposes: provide the cost sharing for the enlargement of the port, which enhances, of course, the product handling coming into an area, and at the same time—the other side of that question—it keeps us competitive on our exports.

When we go out to another country with coal and the other kinds of products, hopefully, we can provide the ports themselves if this cost sharing goes into effect in any degree, the flexibility to reserve not on a pure basis of tonnage both ways but flexibility to look at where they think they should be able to raise the money and still become competitive and still make their industries that are shipping out of the country competitive in the future so we can start to reduce both those trade deficit problems and at the same time by increasing exports and at the same time improving our ports and giving them the facility to do that.

I wonder if you had any thought about that, Mr. Secretary.

Mr. DAWSON. We will certainly look at that with you, Mr. Nowak. One of the principles in our bill is to leave up to each port to the maximum extent possible how they would come up with their part of the arrangement. I think there are probably GATT problems with the import, the tariff, that I really don't have a good grasp of.

But let me say again that we will be glad to sit down with you and get the right people from Treasury or the Trade Representative's office, if that were to be necessary, to try to work something out there.

Mr. NOWAK. Well, I appreciate that, and certainly the attitude that you bring from the administration. We will be looking forward, of course, to move this legislation. And as you have congratulated this committee on the hard work, I would feel more than remiss if I didn't mention the diligent efforts that you have put forth since taking this job over. We are happy to have you in this position and to have you give us the opportunity to move forward throughout this hearing. Thank you.

Mr. DAWSON. Thank you very much.

Mr. NOWAK. Thank you very much, Mr. Chairman.

Mr. ROE. The Chair recognizes the distinguished gentleman from Wisconsin, Mr. Petri.

Mr. PETRI. I thank the chairman. I have a couple of questions.

Mr. Dawson, in recent memory no administration has come forward with a comprehensive water resources bill. Why has the administration put forth a bill now?

Mr. DAWSON. Mr. Congressman, before I mention that, I would like to say publicly how aware I am of your own efforts to move toward a solution in this area.

I am told that this is the first time since 1776 that an administration has sent forward a bill that has both projects and policy in it. And the reason, I think, that that occurred was a commitment and a realization on the administration's part that water projects are important to the country, they are needed, and yet tempering that is the reality as well that we must change some of the policies in order to come up with the dollars to do that.

Mr. PETRI. Thank you. What criteria do the projects in your bill fulfill that are different from those in H.R. 6?

Mr. DAWSON. That question, I think, goes to the heart of our chances of getting a bill ultimately through. The criteria, as I alluded to earlier, for the 63 in our bill are each and every project report that had made it all the way through the Corps of Engineers and Army and OMB review process. We think that is one criteria that is good because that way the Congress has before it a full study of the costs, full study of the benefits, and I think that gives you much more to go on in making your judgments.

There are another 100-plus projects that are working their way through the system that we owe some information to the committee on. But I think that criteria is a worthy one and one that I hope the committee will consider, and that is accepting those projects that have made it through that process and then only those others that you have very strong feelings about and that you have had a similar scrutiny and review on.

Mr. PETRI. Could you give me the total number and costs of the projects in your bill and how those figures differ from H.R. 6?

Mr. DAWSON. Yes. I believe in our bill our projects total about $4.1 billion—actually, that number, I am told, is $3.8 billion. That's 63 projects. H.R. 6 has 330 projects totaling $14.3 billion.

Mr. PETRI. Thank you. As I guess you are aware, last year I offered a floor amendment with, I think, Representative Edgar to the Water Resources Act of 1984 which added some cost sharing provisions to those already in the bill. How does the cost sharing in the corps bill differ from that in my amendment?

Mr. DAWSON. I would have to supply that for the record, Mr. Petri, although I think there are many similarities in that, very close on the cost-sharing percentages.

[The following was received from Mr. Dawson:]

COST SHARING COMPARISON

SION	H.R. 6	Petri Amendment Amount paid during construction	Administration Bill
OST SHARING:			
-Deep Draft Nav.	100% Fed. to 45'depth Const. & O&M; 50% incremental cost for portion deeper than 45', Const. & O&M; utility relocations 50% up to 45', 25% over 45'.	30% if general cargo. 30% to 45' and 50% incremental cost for deeper than 45' if deep-draft.	Construction: 70% non-Fed to depth 45'; 100% non-Fed incremental > 45', Lands, etc. at non-Fed cost but credited toward non-Fed share. O&M: 70% non-Fed - 14' or less (or deeper if tonnage<1 million/yr). 100% non-Fed over 14' depth, limited to 125% cap.
-Inland Nav.	Const: 1/3 from trust fund (L&D projects only); traditional for others. O&M: 100% Fed.	Limit on total Federal obligations for all work. $586M - FY 86, reduced to $201M - FY 97.	Const & O&M: 1-1/2 mill per ton-mile system-wide user fee (approximates 70% recovery) collected by IRS.
-Flood Control	25-30% non-Fed including lands, relocations	25-30% structural 10% nonstructural	35% non-Fed, upfront, subject to ability to pay.
-Hurricane & Storm Damage	Not addressed.		35% non-Fed, upfront, subject to ability to pay.
-Hydropower	100% non-Fed, reimbursable, 50 yrs.	50%	100% non-Fed, upfront.
-Water Supply - M I	20% non-Fed cash, 80% loan program	20%	100% non-Fed, upfront.
-Recreation	Not addressed, existing 50% non-Fed.	50% separable costs	50% non-Fed, separable & joint costs, upfront, subject to ability to pay.
-Irrigation/ Agric Water Supply	Not addressed, existing 100% non-Fed.		35% non-Fed; upfront, subject to ability to pay.
-Shoreline Protection/Beach Erosion	No change, existing 50% public - 100% private.	Not less than 30% for non-Federal park, not less than 50% other shores.	Assigned to causitive purposes, except 100% non-Fed when to prevent loss of private land.
Fish & Wildlife Enhancement	Not addressed.		100% non-Fed, upfront.

Mr. PETRI. Have you received any indications of support from various groups who might be interested in this kind of legislation?

Mr. DAWSON. Yes, we certainly have, Mr. Congressman, and we have been talking to anybody, any group that has more than two members, practically, to try to push our bill because we think it's that important. We have talked to the port groups, the inland waterway people, the groups ranging from the National Taxpayers Alliance to groups that are more directly beneficiaries.

One group I would particularly like to mention are the environmental groups, with which we have had in-depth discussions, and they are very supportive of our legislation and have indicated they will work very hard to pursue it. I think that is significant in that our bill does have a large number of projects in it with the prospect of other projects being added. So I think that one group, and certainly there are others, that have indicated that they think the time is right to move forward.

Mr. PETRI. And finally, does OMB support the provisions of your proposal?

Mr. DAWSON. Absolutely. And I can say today, as I have said other places, that our bill would be signed today if it were on the President's desk. And it has, as I mentioned, nearly 4 billion dollars' worth of vitally needed projects in it.

Mr. PETRI. Thank you, Mr. Chairman.

Mr. ROE. The gentleman from West Virginia.

Mr. WISE. Thank you, Mr. Chairman.

Secretary Dawson, I am also very appreciative of some of the suggestions that were made. The project that is uppermost in the minds of a lot of West Virginians, a lot of Ohioans, and then as you get up the river, Pennsylvanians, is Gallipolis Locks. I just wondered if you might for a moment touch on Gallipolis as it is treated in the administration bill versus where it is right now under our present system, and how this proposal would affect it.

Mr. DAWSON. Certainly. As you know, the Gallipolis project appears in the President's budget. It's one of our 29 new starts. And it is also in our proposed omnibus bill. So I think the significance of that is that the administration is recognizing the critical importance of that facility, the dilapidated state that it's in and the delays and backlogs that are occurring there.

I have to say, to give you the whole picture—and I think this won't be a surprise to you—that our support is conditioned on the imposition of inland waterway user fees because we just again simply feel that the budget reality is that the dollars aren't there anymore to do it the old way. So I think it is significant that you have our support on that, and we intend to work hard to try to bring that project to being.

Mr. ROE. Will the gentleman yield?

Mr. WISE. Certainly.

Mr. ROE. You know, I don't know how you can say the dollars aren't there. We took every fact that's available to the committee, both from the corps and everyplace else, and from the Treasury, and we ran down those costs. We literally checked the costs of the seven priority locks and dams that we put into the—now inherited, if you like—in H.R. 6. It's exactly as we passed the House. It just is not true that the resources are not there.

I think it goes to 10 cents a gallon now in October, as I understand the timeframe. And I believe there is at least $100 million, or close to it. What is the figure in that trust account? It's got to be close to $100 million.

Mr. DAWSON. $163 million.

Mr. ROE. A hundred and what?

Mr. DAWSON. $163 million.

Mr. ROE. $163 million is in that account now. We went through this, Mr. Secretary, from an engineering point of view, and we checked every one of those seven locks and dams, and we calculated out that it would be at least 5 years, maybe 6 years, before additional revenues may be needed, at least. Based upon this testimony from the corps that the engineering design time, the contractual times involved, and simply the process through appropriations to provide the funding to do that, we know it is absolutely not necessary to add 1 more penny to that tax now. We know that's so.

Now, unless every bit of engineering that we got from the Corps is wrong——

Mr. DAWSON. Mr. Chairman, I think we're talking to some extent apples and oranges——

Mr. ROE. Tell me how.

Mr. DAWSON [continuing]. Because what I did say to Congressman Wise is, in fact, true. What I think you are referring to is the new construction bill alone. We are spending $400 million each year just to maintain the inland waterway system. The Gallipolis project is only one of a number of potential new inland waterway projects, and as you know better than I, these can be very expensive.

Mr. ROE. If the gentleman would yield.

I am talking about construction and replacement of our locks and dams. The only thing that I see that has been recommended is Gallipolis, which I am totally in favor of, there is no question about that. But there are others. We had recommended seven. Why didn't the corps—if the gentleman would yield further——

Mr. WISE. Surely.

Mr. ROE [continuing]. Why didn't the corps consider the other six? Don't they count? Aren't they important?

Mr. DAWSON. Well, we certainly did consider them, Mr. Chairman. But Gallipolis, I think most people agree, is the most urgently needed.

Mr. ROE. If the gentleman would yield——

Mr. DAWSON. What we were talking about was a budget proposal that we had to get cleared, a legislative proposal that we had to factor through all of the realities involved.

Mr. ROE. Can you see any reason why we should not include the other six projects?

Mr. DAWSON. Yes, sir; I do. And the basic reason is that the $200 billion deficit, and even though we have——

Mr. ROE. What has that got to do with it? We're talking about a trust fund.

Mr. DAWSON. Yes, sir; but there are those who believe that that trust fund is not just for new projects but that people have been paying into that for the annual O&M, which as I mentioned, in part—and one of the things I have pushed for—is to make sure

that at least part of that trust fund is available for new construction. But the new construction is only part of the bill that you and we have to grapple with.

Mr. ROE. What about the second lock and dam on 26? I understand, and correct me if I am wrong, that while the Coffer dams are up, that if we go ahead with that second lock involved, that we can save somewhere to the tune of $90 million simply because the other one is under construction. Are we considering that at all?

Mr. DAWSON. Yes, sir; and the main reason that that was not in the bill was that we're still in the design stage on that. I am confident that at the appropriate time, that project——

Mr. ROE. Well, this is the authorizing committee. I mean how can we be confident at the time? Look—if the gentleman would yield further—and then you have to pardon my enthusiasm on this—[Laughter.]

We have run out the engineering, and unless the facts that were given to the committee are incorrect, coming from the corps—and if they are, we will say we're wrong. We will say that we're wrong. But those facts that have come in from the corps—and we've gone over them meticulously—thoroughly indicate to us exactly the direction we went with the seven priority key locks and dams that we thought had to be replaced in this country. We actually believe that to be so.

Now, we are no longer talking about philosophy of government here, we're talking about whether or not we are factually correct or you were factually correct. And I think maybe we ought to have a session on that to determine where we're at.

Mr. DAWSON. I would welcome that.

Mr. ROE. And also I would welcome another point of view along the line. You know, we're having one H of a time for our farmers to survive in the central part of this country on the shipping of their grain, and now we're talking about adding that much more cost to the inland waterway transportation system, with more money there, more moneys to the ports, how are we going to continue to compete? They can't compete now is what it amounts to. Why should we be imposing an added cost on the farmers of America when we don't need that money now? Why should we be doing that? Why is that such a terribly sticking point if I am factually correct?

Mr. DAWSON. Well, sir, again, I think the fact that you are asserting is that the seven projects you had in your bill, if the trust fund were spent on nothing else, that there would be enough money to pay that for the next few years.

Mr. ROE. Is the administration prepared to put additional costs on the farmers of America? Because that is fundamentally what they are doing.

Mr. DAWSON. Mr. Chairman, only if it would help the farmers to have new projects and move forward with some of these new inland projects. As you know, we put our inland navigation proposals in a separate bill, in part, because we recognize the very, very difficult problems not only that farmers have, but the barge industry itself. And we think that those problems require a very special separate focus.

Mr. ROE. The farmers are going bankrupt by the incalculable numbers. The barge industries are going down the tube; we discussed with them last night. And now we want to add additional costs, which the fundamental point is, are they necessary? That's the question that is sticking with this committee. Where do you prove to us that they are necessary?

Mr. DAWSON. What I would propose that we do, Mr. Chairman, is get to you quickly, and articulate better than I am doing now, obviously, our basis for feeling that we must, if we are going to move forward on new projects, that we must come up with additional money. It's obvious we have got a difference of opinion. I think the facts are the same. What I would like to do is take a swing at setting that down on paper for you.

[The following was received from Mr. Dawson:]

Data previously provided to the Committee by the Corps have been reviewed and we agree that accumulated funds from the existing fuel tax could probably be used as the sole source of funds for construction of the seven lock and dam projects in H.R. 6 for about five years. However, this funding is only a small part of the costs associated with the inland waterways system during this period of time. Without considering any new construction starts, Corps expenditures for inland waterways at historical levels will probably amount to well over $500 million per year for the next five years. Since Federal dollars are in our judgment no longer available as they have been, we have proposed new user fees to cover a part of these large annual expenditures.

With regard to why we did not include for authorization in our proposal, the seven lock and dam projects in H.R. 6 -- we did include two of the seven, Gallipolis and Bonneville. Three projects (Oliver Lock and Dam, Winfield Lock and Dam, and Lock and Dam No. 26) do not have Chief's reports although construction of a second lock at Lock and Dam No. 26 was recommended in a report by the Upper Mississippi River Basin Commission. The other two projects, Locks and Dams 7 and 8 on the Monongahela River have Chief's reports, but review by the Executive Branch has not been completed. As I stated earlier, we included in our list of projects for authorization, all those for which Executive Branch review has been completed with a favorable outcome.

Mr. ROE. As it is written, more mistakes are made from lack of facts than poor judgment.

The gentleman from West Virginia.

Mr. WISE. Thank you, Mr. Chairman.

Mr. Secretary, I am glad to hear of the commitment that the administration has to Gallipolis. As you well know, the Gallipolis project and several others in our area are just vital to inland waterway transportation, particularly coal transportation, which we are not very competitive at right now in the export market. One reason is, as the Japanese were telling me, because of the high cost of transportation, not from the American port to the foreign port, but from the inland area where the coal is mined along the inland waterway system to the port. And that is just something we have to address.

I am concerned that the user fees that are set up are so prohibitive that they will tend not to make it competitive. I would just like to add, if I could, that it is vital to increase the country's energy exports that projects, not only Gallipolis but Winfield Locks, which are presently moving through the approval system—locks 7 and 8 on the Monongahela River—are vital to energy transportation, and also half a billion dollars' worth of construction for West Virginia.

The concern I have is that these projects are also lagging, and that as long as we put them through more review after review, then we are going to be falling farther behind. And I guess what I would like to request of the corps is that while this debate is going on in Congress about user's fees, that at least in the case of Gallipolis, that the corps agree at least to permit that project to continue moving at its present pace. Last year, this Congress appropriated, I believe it was, almost $2 million to continue plans and specifications.

Mr. DAWSON. Which project?

Mr. WISE. The Gallipolis project. That this year, in order to keep it at least moving at its present pace pending authorization, $4.5 million would be needed for real estate acquisition. Also, locks 7 and 8 on the Monongahela River are going to need additional appropriations for simply continuing the plans and specifications, all projects vital for coal transportation. And we would like to work with you in making sure we at least keep them moving while we resolve these differences in the user fee situation.

Thank you very much.

Mr. ROE. The distinguished gentleman from California.

Mr. PACKARD. Thank you, Mr. Chairman.

I have listened with great interest on all this debate. I think for 10 years we have been seeking and searching for a compatible bill that this committee would be happy with and that the administration and the economic conditions of the country could live with. I, personally, am grateful to see the administration propose something that they can live with. And this committee, of course, has already proposed something that they feel strongly about. I would hope that somewhere between the two proposals we can negotiate a workable solution that will ultimately move our water program forward in this country.

It is nonproductive for this committee or for the Congress to propose projects or programs or a combination or an omnibus bill that ultimately is not going to go anywhere. We have worked very hard to come up with a solution to our water needs, and it is not pleasant to have it fail for a variety of reasons. I think every one of us on this committee is anxious for a successful water bill that ultimately will begin projects moving forward that are greatly needed.

So I hope that there will be a cooperative effort between the administration and the committee that will try to work to a solution and a successful bill.

With those comments—and I think it is a positive move that we see happening; this debate has been long needed, rather than simply to be threatened with veto or to be struggling with finances that are not going to permit us to move a bill off from the floor and with a signature to where we can actually start appropriating the dollars.

I appreciate the positive step, and I hope that all the members of this committee will recognize that it is a positive step.

A couple of questions that I have that are a little specific. In the bill or in your proposal, you are recommending the repeal of certain sections, section 210 of the Flood Control Act, that would allow the corps to charge user fees on recreational properties. I was wondering how that would be administered and if it would require additional legislation in order to implement it.

Mr. DAWSON. Yes, Mr. Congressman, it would require separate legislation. In fact, we have a proposal that I think would accomplish that.

Mr. PACKARD. Could you describe for the subcommittee what kind of entrance fees are under consideration and what kinds of projects the fees would be imposed on, and how it would be enforced? Have you worked that through yet?

Mr. DAWSON. I would like to supply that to you for the record, Congressman Packard. Some of the principles that we are looking at are we do feel that the users of these recreational projects ought to pay more. Perhaps one target would be what private recreational areas in the same area might be charging.

But with your approval, we will supply that for the record.

Mr. PACKARD. Thank you.

Mr. DAWSON. Surely.

[The following was received from Mr. Dawson:]

The Corps of Engineers has considered charging entrance fees, if authorized, at water resource development areas which attract recreational visitors, providing the collection of such fees are administratively warranted. Annual and single visit permits would be available. The method of collecting the fee would vary and could include collection by agency employees, or agents designated to represent the agency, or by the use of an "honor system" drop box. Enforcement of entrance fee requirements would be accomplished by individuals authorized to enforce agency regulations.

Further legislative action would be needed. Section 4 of the Land and Water Conservation Fund Act of 1965, as amended (78 Stat. 897; 16 U. S. C. 460 L - 6a) authorizes entrance or admission fees to be charged at designated units in the National Park Systems, administered by the Department of the Interior and National Recreation Areas administered by the Department of Agriculture. The Act further prohibits all other Federal agencies from charging such fees. The Land and Water Conservation Fund Act could be further amended to authorize the Corps collection of entrance fees by inserting the words, "water resource development areas administered by the Department of the Army which are used in whole or in part for recreation purposes," after the words "the Department of the Interior" in the first sentence of subsection (a); and by deleting the next to the last sentence of subsection (b).

Mr. PACKARD. Would you review for me—and perhaps you have already dwelled upon it somewhat—about how your new starts were selected and what you used as criteria?

Mr. DAWSON. What I would like to do is ask General Wall to respond to that. We haven't given him a chance to say anything yet. I might say that it was General Wall, with his leadership and the corps' efforts and the District Engineers', that put these new starts together. It was not me, it was not the Army, but the corps field offices. Perhaps he could address that question.

General WALL. Yes, sir. Thank you. Sir, I would like to go back to the previous question also, if I may, and that is on the use fees for recreation areas. We would like to charge use fees but not at all areas. We would certainly like to have some areas—day use places, recreational areas—that would be open for everybody. We would like to charge day use fees, too, for certain facilities and give an enhanced recreation experience.

To the last question you asked, we went out with a series of projects that we looked at, and we held a number of financing negotiations with the people. As the Secretary said previously, our cost-sharing formulas were not negotiable. That was the 35 percent or 70 percent or whatever it might be, or 50–50, for ports, and 100 percent not up front, but during the period of construction for the projects with vendible, such as water supply and hydroelectric power.

We went out and met with most of the people around the areas, the sponsors. We looked to make sure that the projects fit the planning criteria; a favorable BCR ratio, a NED plan, environmental considerations, and they were ready for construction.

Then if the local people were ready to meet these costs, during the period of construction the financing plan was not negotiable. If they really had a hardship case we could negotiate on the period, not during the construction period itself but for a longer period of time. Basically, that was the rationale we used.

Mr. PACKARD. Now, is it your intention that this become a 5-year, a 10-year program, or is it going to be evaluated, or will you have a new list submitted each year? Just how does this plan to be on a long-term basis to solve the ultimate water needs as part of our infrastructure?

General WALL. As these projects come bubbling up through the process, we would again go through the budget considerations with the Secretary's office, and he would select those that he felt had the best chance to pass, for whatever reason, and then we would go forward with those. Yes, it would be a changing situation.

Mr. STANGELAND. Would the gentleman yield at that point briefly?

Mr. PACKARD. I would be happy to yield.

Mr. STANGELAND. I am wondering, Mr. Dawson or General Wall, if you could provide for us for each of the 40 candidates the social-economic profile, the per capita income, the unemployment level, the property tax value, and the property tax rates in the area, to give us a chance to take a look to see if these are a good cross-section of water projects as we envision them, or if we find them in well-to-do areas that can well afford projects as opposed to those

areas that just can't afford to put up the kind of money that we're talking about. It would be very helpful in our deliberations.

I thank the gentleman for yielding.

[The following was received from Mr. Dawson:]

Social-Economic Profile
Army Civil Works Program
Candidate FY 1986 New Starts: Construction

	Social-Economic Profile 1/				
Project Name	1980 Population (000)	Per Capita 2/ income $	1982 Unemployment Level %	Taxes 3/ Property ($000,000)	Total ($000,000)
Bristol Hbr., RI	47	11,000	10.2	14.5	14.6
Jonesport Hbr., ME	35	7,000	13.0	6.1	6.2
Town Brook, Quincy, MA	85	7,650	6.8	NA	6.4
Ardsley, NY	867	16,200	5.4	635.	710.
Baltimore Hbr & Channels, MD&VA	1,860	8,900	9.1	NA	1,390
Barnegat Inlet, NJ	346	9,700	8.4	137.	152.
Delaware Rv. in the Vic. of Camden, NJ	472	10,500	9.0	192.	210.
Liberty State Park Levee & Seawall, NJ	224	5,800	15.3	NA	60.2
Moriches Inlet, NY	1,284	11,300	6.7	704.	837.
Richmond Filtration Plant, VA	219	7,100	7.2	NA	136.
Tamaqua, PA	161	8,700	12.7	16.7	26.2
Manatee Hbr, FL	148	10,100	7.6	22.3	25.2
Mobile Hbr, AL	444	8,500	13.0	26.4	61.0
Ponce Hbr, PR	288 (1983)	2,100	24.2 (1983est)	NA	NA
Gallipolis Locks & Dam, OH & WV	58	7,200	17.6	10.5	10.9
Beaver Bay Hbr, MN	13	8,200	27.2	1.5	1.5

Social-Economic Profile 1/

Project Name	1980 Population (000)	Per Capita 2/ income $	1982 Unemployment Level %	Taxes 3/ Property ($000,000)	Taxes 3/ Total ($000,000)
Cedar Rv. Hbr, MI	26	8,100	15.3	3.8	4.0
Chaska, MN	37	9,500	6.8	8.9	9.1
Dansville, NY	57	8,500	8.4	13.9	9.1
Knife Rv. Hbr., MN	13	8,200	27.2	1.5	1.5
Lutsen Hbr., MN	4	7,900	12.1	0.8	0.8
Moline, IL	46	9,100	5.5	NA	8.5
Port Ontario Hbr., NY	114	8,400	9.0	42.5	46.8
Reno Beach-Howard Farms, OH	472	10,900	11.9	99.3	150.1
South Fk Zumbro Rv. at Rochester, MN	58	8,500	6.0	NA	6.5
Eldred & Spankey D & LD, IL	17	7,000	11.1	3.5	3.9
Greenville Hbr., MS	41	4,700	9.2	NA	3.2
Harris Fork Ck, TN & KY	42	8,600	10.6	3.9	6.4
Arkansas Rv., Great Bend, KS to Tulsa, OK at Halstead, KS	13	9,600	6.4	9.6	9.9
Arkansas Rv. & Tribs., Fountain Cr. at Pueblo, Co.	102	6,700	16.2	NA	18.3

Social-Economic Profile 1/

Project Name	1980 Population (000)	Per Capita 2/ income $	1982 Unemployment Level %	Taxes 3/ Property ($000,000)	Taxes 3/ Total ($000,000)
Big and Little Sallisaw Cks, OK	31	6,300	9.5	1.3	1.7
Clear Ck., TX	2,907	11,100	7.3	663.	772.
Colorado Rv. & Tribs., Boggy Creek at Austin, TX	345	7,200	5.0	NA	61.0
Freeport Hbr., TX	170	10,100	6.8	50.2	53.6
Neches Rv. & Tribs., Saltwater Barrier at Beaumont, TX	335	11,200	12.3	95.4	107.
Town Bluff Hydropower, TX	47	7,900	10.0	6.1	6.9
Bonneville Navigation Lock, OR & WA	24	9,600	20.4	5.4	5.8
Kake Hbr., AK	402	13,500	9.9	9,000	11,300
McNary Lock & Dam (2nd Powerhouse),OR & WA	168	10,400	12.8	30.0	37.2
Little Dell Lake, UT	619	9,300	7.8	117.	147.
Oakland Outer Hbr., CA	1,105	12,700	9.3	600.	724.
Maalaea SBH, HI	70	9,700	7.9	11.7	15.0

1/ All data from 1983 Statistical Abstract Supplement County and City Data Book, 10th Edition, US Department of Commerce, Bureau of the Census

2/ City data - 1979, County data 1981

3/ City data - 1981, County data 1976-77

Note: Values are for a city or town, a county, or combinations as appropriate.

Mr. PACKARD. Thank you.

I would be very interested in the administration's attitude on the long-term solution to water and to our infrastructure needs. And this may be the beginning, but I certainly don't see it as the end nor the final product. I would hope that we would look at 5 or 10 years or beyond that period of time, where we would pace out our water needs. And if we are talking about $4 billion this year that the President would sign, that's one thing; but if we're talking about $4 billion every year for the next 5 or 10 years, that is a wholly different thing in which I think the committee would be very interested.

I would like to know if we're talking about this becoming the long-term or relatively long-term, 5-year program, or if in fact this is simply a 1-year program, that we then look at another series of projects in the succeeding years.

Mr. DAWSON. Congressman, in my judgment—and this is not something that decisions have been made on in the administration—but I think the answer to your question is tangled up in what we do on cost sharing. I think if significant non-Federal cost sharing is adopted by this committee, then we could expect yearly bills to be sent up, or every 2 years. That was historically, as you know, the congressional practice every 2 years to have an omnibus bill, and I see no reason why that would not be the case, if we can face the budgetary reality and come up with another source of funds.

Mr. PACKARD. Thank you.

Thank you, Mr. Chairman.

Mr. ROE. The gentleman from California.

Mr. ANDERSON. Thank you, Mr. Chairman.

I, too, want to welcome our very distinguished and able Secretary today and congratulate him on the job he is doing.

Mr. DAWSON. Thank you, sir.

Mr. ANDERSON. Mr. Secretary, like many of my colleagues, I am very disturbed that this administration has continually failed to grasp who the so-called project beneficiary is in a port development project. Frankly, I don't think that the "Young Slasher" at OMB and others can fully comprehend that the Federal Government is, in fact, the beneficiary in such projects.

For example, although I have yet to receive the final figures, the Federal Treasury was expected to receive approximately $8.3 billion—in Custom receipts from U.S. seaports in fiscal year 1984. Now, my two ports, Los Angeles and Long Beach, contributed roughly 25 percent, or $1.96 billion of this amount.

A recent U.S. Army Corps of Engineers' study of my area has told us that if the ports of Los Angeles and Long Beach have adequate facilities, traffic in the harbor will more than triple by the year 2020. Customs receipts would grow from the current $2 billion annually to $6 billion annually.

Frankly, I think the Federal Government is just as much, if not more a beneficiary of a port development project than the local jurisdiction.

Now, with regard to deep draft ports, your bill, H.R. 1557, totally abandons the traditional role of the Federal Government in port maintenance and improvement projects. As a matter of fact, your proposal would force the Los Angeles and Long Beach ports to

wholly finance any O&M or new construction project. At the same time, however, your bill seeks to retain for the Federal Government the benefit of receiving those billions of dollars in customs receipts and other benefits which arise from these port activities.

Now, most of us think that this is not only shortsighted, but blatantly unfair and inequitable. Apparently, the administration does not. Would you explain to us why you are doing this to the ports, particularly the deep draft ports?

Mr. DAWSON. I will certainly try, Mr. Chairman, and I think its a good question and one that is on the minds of a number of people. The basic answer is, again, an attempt, however imperfect, to grapple with the budgetary realities that you and we are faced with. I think the customs angle is, one, a policy that you or I didn't set, of where the customs money goes. Right or wrong, it doesn't go back into port development. I think to cling to the customs revenue and to use that as the possible source of solving our problem simply won't yield anything, because the money is spoken for many times over, right or wrong.

Mr. ANDERSON. Will the gentleman yield?

Mr. DAWSON. Yes, sir.

Mr. ANDERSON. If the Ports of Los Angeles and Long Beach are not made ready to handle this load, the $2 billion a year now won't be able to handle it. So you will be losing $3-4 billion a year if we do not have the facilities ready.

Mr. DAWSON. Yes, sir. But we believe—and I think that if given a chance to proceed, we can show—that our proposal will not result in the loss of that revenue and will not result in this work not being done. What we are saying is——

Mr. ANDERSON. So you are willing to take the $6 billion receipts annually without putting anything into it, but you want us to pick up the whole cost?

Mr. DAWSON. We are not talking about 100 percent non-Federal, except below 45 feet on the very deep ports. The point is that there are beneficiaries, Mr. Chairman, we believe that can pay without disrupting the flow of traffic and that will help with the $200 billion deficit.

Going to the customs fees won't affect that deficit one single point except perhaps adding to it, because whatever the customs money is going to now—and you probably know better than I what it's being spent for—the money would have to be produced from some other source.

The point is, I think, from our standpoint, that there are beneficiaries that will benefit from having deeper ports that can pay a reasonable user fee and produce the money that we need to do the new construction and to do the maintenance work.

Mr. ANDERSON. Well, as Chairman Roe knows, I am a strong supporter of title XIII of H.R. 6, creating a new port development trust fund to pay the Federal share of harbor maintenance and improvement construction costs. Under that bill, the fund would receive an automatic annual appropriations from the Treasury equal to that year's customs revenues up to a maximum of $2 billion.

As the former chairman of the Subcommittee on Aviation and the current chairman of the Subcommittee on Surface Transportation, I am keenly aware of what the aviation and the highway trust funds have done to maintain and improve our Nation's infrastructure in these two areas. Frankly, I am frightened to think of

what our airports or Interstate Highway System would look like if they were treated the same way as our ports are treated.

Don't you think that it's only fair that we put a portion of customs receipts back into their source or, more precisely, our ports and waterways?

Mr. DAWSON. Mr. Chairman, I in years past have witnessed your leadership in passage of bills that people said could not be passed. So I am reluctant to say what I am about to say, but it is my judgment that reliance on customs fees, whether you and I might agree that it's the right thing to do, simply won't get us out of this quandry and get us a bill. I think we must look to some new source of revenue if we are to have any chance of getting a bill through.

Mr. ROE. Will the gentleman from California yield?

Mr. ANDERSON. Yes.

Mr. ROE. How do we put into focus the consistency issue that you brought up before, in fairness? One of the problems that the committee is faced with is how do we treat our ports equally and fairly? And this is a fierce competition, as you are well aware. The movement of freight from one port to another port, from Baltimore to Hampton Roads, based upon the point of view that they're moving faster and therefore one of the international firms are planning on moving their location out of that area to another section, that all affects cost-benefit ratio. It all affects the whole economy and the jobs in a particular region.

In the New York harbor now, they desperately have to dredge that channel from the Bayonne Bridge into Port Newark on the Jersey side, because they have already been notified that there are four to five major international firms, shipping firms, that will move out of there and go to one of the other ports up and down the east coast or at least where they feel they can get an adequate channel.

I think what the gentleman from California is pointing out, one of the magics of H.R. 6 was to get the support of the port companies—the ports throughout the Nation, rather—based upon the point of view that it was equitable and fair and we would not create a Government situation that would disrupt the freight from one port to another, therefore severely denigrating the economies of specific regions.

Parenthetically, if I may add, it's very amusing to this committee how many of our dear personal representatives from Louisiana, Mississippi, Texas, are importuning this committee right now to do something on the dredging and improvement-of-port program so they can house the 600-ship fleet that we're building because we don't have a place to locate them down there.

Now, it seems to me that what this committee has tried to do—if the gentleman from California would yield further—we are not looking at these issues as being shipping issues, we are not looking at them as being flood control issues, we are not looking at them as being a port or a lock. We are talking to the fundamental dynamics of the economics of this country, and what the gentleman from California is trying to get across, and most ably so, is that unless we move in the proper direction and be able to have the equanimity and consistency of the country in some kind of a capital program, we are going to be losing out. We are doing it right now. We can't even compete in the economy of scales of ships on coal and other commodities going into other ports in other countries

throughout the world, simply because of the fact that we can't get anybody to think with us and not think about material things. We're talking about what do we do for the fundamental economy of the Nation.

You have $123 billion of import and export deficits at this point. And we can't afford to spend a couple of billion dollars to build the ports? If you look into the custom issue, that custom issue goes right back to the one phrase in the Constitution where the agreement was made at that point. That's a matter of history. The agreement was made that if the Federal Government would maintain the ports, that they would take away the revenues as far as custom fees were concerned from the States involved.

We checked that out with the Library of Congress and went back into the history of the whole situation. Now we're coming back and part of those custom fees have been diverted and are used for food stamps and for agricultural programs. So therefore, how can we come back and say, "Yes, there is a budget situation." We agree with that. But we can increase those revenues if we get some way to get over the hump that we're talking about and get something built.

I will not stand back and have Baltimore take freight from New York any more than I would stand back and have New York take freight from Baltimore simply because there's an inequitable program by the Federal Government that is unfair and unjust. The justice of the issue is what is before this committee. The fair play of the issue is before this committee. That's what this argument is about. We will never get the votes on the floor of the House in that direction if we pit one section of the country against the other. That's what the problem has been from the very beginning. Isn't each area of the country as important to the other area?

Why doesn't the Navy put up part of the money then out of their billions upon billions for building their ships so they have a place to put their ships in the first place? Or do we have to deal with $1 billion over the whole country to try to provide these resources? It doesn't even make common sense.

The gentleman from California.

Mr. ANDERSON. Thank you, Mr. Chairman. I sure hope I didn't set that off. [Laughter.]

Mr. ROE. That's been boiling for 3 years. [Laughter.]

Mr. ANDERSON. Although you did touch upon my next two questions, I do want to repeat my first question.

Don't you think it's only fair that we put a portion of our customs receipts back into their source, or, more precisely, back into our ports and waterways. I know at one time you did.

Mr. DAWSON My point was that I didn't know how important it was how I might feel. I think the reality, in my judgment, of achieving the goal that you have, and Chairman Roe and Mr. Stangeland has, of getting a bill that will get some of these projects built so that our international position will be improved. In my judgment, reliance on customs, while we could all throw our arms around each other and talk about it, I don't think it gets us out of the quandry that we are in, and that is the need for additional non-customs revenue to move forward.

Now, whether that is the best or fairest or most perfect, I don't know. But I think that's the fact.

Mr. ANDERSON. What are your views on the current requirement which the chairman just briefly mentioned that the 30 percent of gross customs receipts be put into a fund controlled by the Department of Agriculture? Apparently, I am told, over $30 billion has been diverted into this fund since its inception in 1935. Do you think it's fair if my local area has to go out and raise the money to put the facilities in so we can increase our customs receipts from $2 billion a year to $6 billion a year, that that money should be diverted somewhere else and we pick up all the tab?

Mr. DAWSON. I have enough controversies, Mr. Chairman, within the administration and elsewhere. [Laughter.]

Without taking on the Department of Agriculture.

Mr. ANDERSON. OK. I just wanted to point out that 30 percent of all customs revenue is earmarked for the Department of Agriculture.

Mr. DAWSON. Yes.

Mr. ANDERSON. You would think some of it might be returned to its source.

Mr. DAWSON. Yes. I think that's a valid point. The question again is doability, if you will, and how can we move forward.

Mr. ANDERSON. I have been told that about one-third of the port moneys in Long Beach is used by the Navy. I would guess that at least as much of the valuable port land is also being used by the Navy. Now, obviously, if the Navy wasn't in Long Beach, there would be additional land available for the port to lease to private interests. Thus, they would be receiving quite a bit of additional revenue.

Now, in light of this, don't you think that the Federal Government should continue to help ports such as Long Beach, who have valuable land tied up with the Navy?

Mr. DAWSON. Yes, Mr. Chairman, and that is one reason that I——

Mr. ANDERSON. Of course, we can't charge the Navy any "user fees."

Mr. DAWSON. That is one reason why in the shallower than 45 feet we have preserved a percentage of Federal involvement, recognizing that there is a Federal role and should continue to be.

Mr. ANDERSON. Well, in the same vein then, don't you think that it's in the national defense interest for the Federal Government to continue its participation in deep draft ports?

Mr. DAWSON. I certainly do, Mr. Chairman, and it's not the intent of our bill to remove the Federal Government from that role. I think it's a very critical and vital role. But again, it's rather an attempt to grapple with the deficit problem and the opposition that you have encountered and I have encountered to getting water projects and water legislation through the process.

Mr. ANDERSON. Thank you, Mr. Chairman.

Mr. ROE. The distinguished gentleman from Tennessee.

Mr. SUNDQUIST. Thank you, Mr. Chairman.

Mr. Secretary, I am not an expert on this, but based on what I have seen and heard, I think your legislation is fatally flawed for a number of reasons. And I cannot support it, based on what I see.

To begin with, it's anti-supply-side. In addition to that, it is proposing tax increases when we're trying to reduce taxes. I don't think we're undertaxed, I think we're overspent. We are going to pick on people who can barely afford to stay in business now, and penalize, as the chairman said, people who are going out of business now—bargeowners and farmers.

Having said that, let me ask two or three questions regarding the authorization and deauthorization of your proposed legislation, as compared to the legislation that came out of this committee. What is the net difference, and what is the effect of spending the first year?

Mr. DAWSON. Congressman, I would ask that we supply that for the record. I would assert to you, though, that while we think the deauthorization is an important step to take to clear the decks, I think the validity of that to show savings is very limited because what we're up against is how do we come up with the funds this year to do the things we know need to be done.

[The following was received from Mr. Dawson:]

H.R. 6 would authorize 265 projects at a total cost of $12 billion. H.R. 1557 and H.R. 1558 together would authorize 63 projects at a total cost of $3.8 billion. In both cases, these would be authorizations, but would not appropriate funds. In either case, appropriations would be made annually on the basis of priority. Deauthorization of unfunded projects by either proposal would not have an impact on annual funding levels.

Mr. ROE. Will the gentleman yield?

Mr. SUNDQUIST. I would be delighted to yield.

Mr. ROE. Just for clarity, so that we understand what the intent of the committee was, the intent of the committee was, and is, that we were charged with reviewing the whole program, as you know. And we worked assiduously, in part, with the administration on many issues here, as you know. And the committee is not coming up and saying that we should spend $1 billion, $3 billion, $10 billion a year. We didn't say that. We came up and we were to appraise and provide for the Congress to consider what we believe to be the backlog and what we believe to be valid projects that ought to be considered by the Congress for authorization.

We specifically on the floor, bipartisan, made the comment 50 times, by almost every Member that spoke, that we weren't asking for $4 billion or $3 billion or $92 billion, we said to them it's a 10-year capital program. And under a 10-year capital program, let the Appropriations Committee and the Budget Committee work its will as what funds could be allocated each year within budget constraints to achieve these goals.

We presented a blueprint as to what was needed, and it's based, as the gentleman from California, Mr. Bosco, pointed out before, a delay of 15 years. That's not your fault; nobody is blaming you for that or us for that, for that matter. There's just no action that has taken place.

So in effect, we're not working from a 2-year to a 2-year basis, we are presenting to the Congress and to the corps and to the people and the administration what we believe to be our capital needs for over a 15-year period. We look to the bill to be a 10-year construction bill. We don't want you to bust the budget. We don't want you to overexpend. We want the Appropriations Committee to work its

will and the Budget Committee to work its will in the constraints of what we can afford to pay. That's what the intent of this committee is.

The gentleman from Tennessee.

Mr. SUNDQUIST. Thank you, Mr. Chairman.

As I recall, the impact of the first year, Mr. Chairman, was $150 million in terms of new costs of the legislation proposed by this committee.

Mr. ROE. That's probably about right.

Mr. SUNDQUIST. Mr. Secretary, I am a little dismayed that you are going to have to give me answers in writing, because these are fairly clear questions; how much you are deauthorizing; how much you are authorizing; and what is the effect of the first year.

Mr. DAWSON. Well, Congressman, I just don't have at the tips of my memory the exact figures, and I would rather give it to you right than take a stab in the dark.

Mr. SUNDQUIST. Well, it's a fairly critical issue, because what the chairman has said, and I agree, is that it seems to me that you're taking a short-term solution and looking at where are we going to get the money this year; when, in fact, this committee, I think, took a long-term solution and said this is how we prioritize and we will allocate the money later but not going to do it on the backs of people who can least afford it.

The second question is, in the legislation that you are proposing are there fees for dredging?

Mr. DAWSON. Yes. I guess I had better ask you——

Mr. SUNDQUIST. Who pays for the dredging? Are there new fees for dredging in ports?

Mr. DAWSON. Well, what we're proposing, Mr. Congressman, is on both new construction and operation and maintenance, that there would be cost sharing by the project beneficiaries, and one form that might take, if this committee gave the authority for those ports, would be the imposition of user fees. But how that will all ultimately come out I don't know.

Mr. SUNDQUIST. The last question concerns the formula in the administration's legislation that was arrived at to come up with the projects. Is the information available on how those formulas were structured project by project based on the legislation that came from this committee last year as opposed to the legislation you are proposing this year?

Mr. DAWSON. I am not sure I follow you. Is that how did——

Mr. SUNDQUIST. Specifically your justifications on why you approved what is in your legislation as opposed to the justification of why projects were turned down that were approved by this committee last year?

Mr. DAWSON. And you are speaking of the number of projects that we have in our bill as opposed to what is——

Mr. SUNDQUIST. I am talking about those that were not approved and were not in your piece of legislation. Apparently yours were justified by some formula.

Mr. DAWSON. Right.

Mr. SUNDQUIST. I would like to know what that formula is.

Mr. DAWSON. All right.

Mr. SUNDQUIST. I would like to see it applied to the projects in your piece of legislation as opposed to those that were not in your piece of legislation.

Mr. DAWSON. Yes.

Mr. SUNDQUIST. Why those were turned down.

Mr. DAWSON. All right. I can tell you exactly, Congressman. It's basically this, that we put in our bill every single project that had made its way through the entire review process—that is the Corps review process, the Army and OMB—which is the normal process before we send a project report up to you and to the committee. We insisted with OMB, and OMB agreed, to let us add to that list as other projects go through that process. You have in your bill a large number of projects that have not gone through that entire review process. That is the criteria, in a nutshell.

Mr. SUNDQUIST. And for those that you deauthorized, was the formula applied?

Mr. ROE. Will the gentleman yield on that point?

Mr. SUNDQUIST. I would be happy to yield.

Mr. ROE. I think we went over that point a little earlier. But it is true, and I think in the ecumenical spirit that we have developed, or are trying to develop here—although it may seem fierce to some people's mind, it's not to the chairman—is the following: whether it was the Carter administration, whether it's the Reagan administration or the Johnson administration, in that process—it is very important for the gentleman to understand that in that process any project can be held back and slowed down a 100 different ways before it gets through the process.

That is a true fact. It has nothing to do with the gentlemen who are testifying, any one of them. But that is a fact of political reality. So, therefore, coming back and saying there is some magic because it has gone through—if it were legitimate and it could go through that process, that would be something else again. But that is not the circumstances that we're faced with. It has nothing to do with the witnesses testifying here today.

Mr. SUNDQUIST. I believe that is my last question. Thank you, Mr. Chairman.

Mr. ROE. The gentleman from Minnesota.

Mr. OBERSTAR. Thank you, Mr. Chairman.

It's a pleasure to welcome our former colleague on the committee and congratulate him. I take this opportunity to congratulate him on rising to such a high position of responsibility within the administration, perhaps not the first but I think one of the few of our former Public Works Committee staff members who has achieved high positions of responsibility within the administration based on their experience, knowledge, competence, and you are certainly one of those, Bob.

Mr. DAWSON. Thank you, sir.

Mr. OBERSTAR. You aren't going to like the rest of what I have to say. [Laughter.]

In sending you up here, the administration has, in effect, sent in our midst a kind of Trojan horse. You know both sides of the aisle and both sides of the issues, what drives the forces up here within this committee.

As I was reading your testimony, I noticed a frown steal across the countenance of the former chairman whose portrait hangs midst that far wall. [Laughter.]

Indeed, a frown crossed the countenances of all these former distinguished chairmen whose portraits here honor our presence daily in our deliberations. I just sort of wondered what Chairman Jones would be saying were he here today. [Laughter.]

You know, this administration gave me additional reason last fall, though I have had many historical reasons, those that our subcommittee chairman has enunciated with some vehemence a few moments ago, fairness and equity, historical principles, balance, making inland waterways and port exports a national program, without regional differences or disparities.

Last fall, this President campaigned on a commitment that he would not increase taxes. And a tax by any other name is still a tax. You can sugarcoat it and call it a user fee. But it's still a tax, increasing to someone the cost of conducting their business.

In this situation, it is clearly and unmistakably for the purpose of deficit reduction. That purpose has been expressed throughout these hearings. You yourself said there is a need for additional revenues. Oh, yes; but the ports and the waterways didn't create the problem; they didn't create the deficit. They, in fact, are contributing to the reduction of budgetary pressures because they are generating commerce and revenues and contributing to the overall economic viability and strength of our national economy.

So, this proposal becomes a drag on the economy, a drag on those revenue producers. You said earlier in response to another question, "Well, yes, it's going to do this, but only if it will help farmers to have the export facilities they need to move their grain in international trade to have those facilities."

Those commodities that are shipped from rural America—wheat, corn, soybeans, and others—move not in a market in which America has a corner and has exclusive control, but in a highly competitive international marketplace in which grain moves on a margin of as little as an eighth of a cent a bushel. This is amply documented in the hearings of this committee over a period of several years.

You are going to add some fees and some costs, some tax, to doing business in international agricultural trade, and you are going to reduce the economic competitiveness of our farms, and give Argentina and Australia and Canada an additional advantage over the United States. At the very time when this administration is proposing an additional tax on inland waterway transportation and coastal port range exports, Japan completed spending $1 billion on improving their ports, at no user fee charge to their exporters, to their users.

My area of northeastern Minnesota is devastated because of the downturn in the steel industry and because of imports of iron ore from foreign sources, principally Brazil, which among other things is the beneficiary of enormous loan and other financial support from the World Bank and from their own Government, which is 50 percent owner in this iron ore exporting operation. That Government spent in excess of $1 billion developing hydroelectric capacity to serve this iron ore mining region—$1,750 million on a railroad to move the iron ore to the coast, $269 million to develop a deep

draft port to export that iron ore to the United States—not 1 cent—not 1 cent to be attached to 1 pound of ore shipped out of Brazil.

Yet, I know that the Corps of Engineers and the Office of Management and Budget have not spent 1 minute to calculate how much it will cost with these proposals, how much additional cost it will be to move a ton of iron ore from northern Minnesota to lower lake ports where the steel is made. You can't tell us because you don't know and you haven't studied it.

This is going to be one of the most devastating effects of this proposal upon the most historic means of moving goods throughout our United States, the inland waterways that knitted together this continent and built the national economy and are the main sustenance of our international export trade. You are going to dismantle it by putting this additional tax on at a time when our economy is hurting and when we need to generate more commerce.

I don't believe that the Corps of Engineers or Office of Management and Budget can tell us what the 20 percent increase in barge transportation rates of grain from Minneapolis to New Orleans is going to mean on a bushel of grain moving to the export trade in the Caribbean and Central and South America, but it's going to have some effect. It's going to have a 20 percent increase in transportation rates, and that's going to be passed on in a bushel of grain, and that's going to decrease the competitiveness of that grain at a time when other countries are moving aggressively to take markets away from us.

I am not here to ask questions, dear friend Bob, but to give a lecture to you and, hopefully through you, to the administration that this is not a matter for negotiation. I think it's time this committee declared war on this proposition, drew the line, and said, "No."

Mr. DAWSON. Mr. Chairman, if the student might respond to the lecture very briefly, most of your comments I think were directed at the inland waterway proposal, which as you know, we submitted in a separate package, in part, because of our awareness of the sensitivities that you have enunciated.

I think the gentlemen whose portraits are on the back of the room and whose spirits dwell in this room and always will, have a frown on their face, too, because we have not delivered a bill in 10 years. And our approach here in the spirit of our proposal is to break that logjam and get a bill.

I would submit to you that our going to war or drawing lines in the dirt won't bring that result about. We are certainly willing to listen and to work with you. We want to get a bill. The needs are great. The worst thing, it seems to me, is nothing gets done for another 2, 4, 6, 8, 10 years. That doesn't help our competitive advantage a bit either. But I, certainly, hear what the gentleman is saying.

Mr. OBERSTAR. Well, I think it's time for some cooperation and for some negotiation on the other side instead of the laying down of categorical imperatives as has been done for the past few years, to come to terms with the proposition that this committee has designed the using of those customs fees as the basis for financing the development that is so vital to the economic strength of this country.

I thank the Chair.

Mr. ROE. The gentlelady from Maryland.

Mrs. BENTLEY. Thank you, Mr. Chairman.

I would like to commend the Secretary for his statement and also for being the moving force in at least preparing, getting something up here from the administration. I think we are moving in the right direction. And I echo his comments about the willingness of the Corps of Engineers in all areas to assist the local people in preparing whatever has to be prepared on various projects.

I would like to commend you, Mr. Chairman, for your leadership in recent years in trying to push through a port waterway project. We do need it. As has been stated here repeatedly this morning, it has been some 10 years since anything has been moving. And I feel very confident that this is the year that we are going to get started. And I think that with the two groups working together as we have started now, that something will be done this year.

I would also like to state that I hope that my colleague from California, that the amount of customs collections are not going to skyrocket that much, because that will mean more imports and that will mean less employment in this country. I am for more exports and not more imports at this point.

So, I hope those figures don't hold up, Mr. Anderson. I know they are not yours, but they are rather frightening when those of us who are concerned about what is happening at our own industrial base and we know about all the imports. That scares me.

Nobody in this room is more interested in waterway projects, I think, than I am, especially port projects. And I have been one who has been fighting for deep ship channels since 1948. Of course, I am rather parochial. I am interested in the Port of Baltimore.

And may I ask you, Mr. Secretary, whether among the list of 40 if Baltimore is included?

Mr. DAWSON. We did look at Baltimore, Congresswoman Bentley, early on in the process of developing new starts. We did have some discussions as long as 2 or 3 years ago, and those discussions simply went nowhere fast at that time.

I have to say, though, and I think your leadership has been a very important factor in this, that we are now talking with the Port of Baltimore and endeavoring to find a way that we can work together much closer in the future so that on any future lists Baltimore might be there.

Mrs. BENTLEY. Thank you.

Mr. ROE. Would the gentlelady yield on that point?

Would it be correct then to say—or would it be reasonable to say that the reason the administration didn't recommend Baltimore is that Baltimore wouldn't go along with the higher fees that they wanted?

Mr. DAWSON. That was certainly a factor, Mr. Chairman. But again, that does not go to the issue, I don't believe, of ability to pay that we were talking about earlier.

Mr. ROE. That's not the point.

If the gentlelady would yield further.

Mrs. BENTLEY. I would.

Mr. ROE. Is it fair and just when there is nothing written in the law, albeit the point of view that your department has come back

and said, "Well, we want to go out and negotiate with people," is there any reason we should be building something in the New York harbor or the Philadelphia harbor and not treating Baltimore fairly because they didn't agree with the levels of cost sharing that the administration has asked for?

Mr. DAWSON. But we are not proposing those other projects, Mr. Chairman. What we are trying to do—we had a choice 2 or 3 years ago. One was to wait and do nothing. The other alternative was to go out and try to stimulate some——

Mr. ROE. Well, in the legislative process—if the gentlelady would yield further—in the legislative process, in the absence of an authorization or an absence of an appropriation, nothing is going to happen there either.

Mr. DAWSON. That's right.

Mr. ROE. So therefore, we are really, in my humble judgment, from the basis of fair play and equity, we are kind of leaving Baltimore to hang. And we both know the issue between Baltimore and Hampton Roads. Those two areas are critically important to shipping along our East Coast.

Mr. DAWSON. Yes, sir, but I think your point as to its validity, we would have had to have gone forward with Hampton Roads or one of the other projects.

Mr. ROE. But you certainly don't believe—you don't believe that a bill is going to get to the President's desk that does not include Baltimore and Hampton Roads. You really don't believe that, do you? [Laughter.]

Mr. DAWSON. I am sure the chairman's judgment on those matters is much better than mine.

Mr. ROE. The gentlelady from Maryland.

Mrs. BENTLEY. Thank you, Mr. Chairman.

Mr. Secretary, what is the oldest authorized project of those that you have pending that has been authorized by the Congress but no appropriations have been allocated?

Mr. DAWSON. I believe some go back as far as 1965.

Mrs. BENTLEY. Do you know which ones those are?

Mr. DAWSON. No, ma'am. I could certainly supply that for you.

Mrs. BENTLEY. Yes; I would be interested in having that.

[The following was received from Mr. Dawson:]

Candidate FY 1986 New Construction Starts

Project Name	Date of Authorization
Bristol Harbor, RI	1968
Jonesport Harbor, ME	1976
Town Brook Quincy, MA	Not authorized
Ardsley, NY	1976
Baltimore Harbor	1970
Barnegat Inlet, NJ	Not authorized
Delaware River, Camden, NJ	1945
Liberty State Park	1976
Moriches Inlet, NY	1960
Richmond Filtration Plant, VA	1976
Tamaqua, PA	1974
Manatee Harbor, FL	Not authorized
Mobile Harbor Deepening, AL	Not authorized
Ponce Harbor, PR	1945
Gallipolis Locks & Dam	Not authorized
Beaver Bay Harbor, MN	1945
Cedar River Harbor, MI	1965
Chaska, MN	1976
Dansville, NY	1948
Knife River Harbor, MN	1974
Lutsen Harbor, MN	1945
Moline, IL	1972
Port Ontario Harbor, NY	1945
Reno Beach - Howard Farm, OH	1948
S. Fork Zumbro, Rochester, MN	Not authorized
Eldred & Spankey D&LD, TX	1962
Greenville Harbor, MS	Not authorized
Harris Fork Creek, TN & KY	1976
Arkansas River, Great Bend, KS to Tulsa, OK at Halstead, KS	Not authorized
Arkansas River & Tribs., Fountain Creek at Pueblo, CO	Not authorized
Big and Little Sallisaw Creeks, OK	1976
Clear Creek, TX	1968
Colorado River & Tribs, Boggy Creek at Austin, TX	Not authorized
Freeport Harbor, TX (Deepening)	1970
Neches River & Tribs, Saltwater Barrier at Beaumont, TX	1976
Town Bluff Hydropower, TX	1945
Bonneville Navigation Lock, OR & WA	Not authorized
Kake Harbor, AK	1968
McNary Lock & Dam (2nd Powerhouse) OR & WA	Not authorized
Little Dell Lake, UT	1968
Oakland Outer Harbor (Deepening), CA	Not authorized
Maalaea SBH, HI	1968

Mrs. BENTLEY. Would you explain to me briefly what the Mobile project was that was referred to here?

Mr. DAWSON. I have forgotten the reference earlier. The Mobile project is not——

Mrs. BENTLEY. Something about moving some material somewhere.

Mr. DAWSON. Oh, I think Chairman Roe's point had to do with the mitigation for the Mobile deepening; in other words, to compensate for the filling or disposal activity that might ensue.

Is that right, Mr. Chairman?

Mr. ROE. Yes.

If the gentlelady would yield.

Is it not so that Baltimore is the only project that has been authorized below 45 feet? The only deep water project authorized in the country is Baltimore.

Mr. DAWSON. It is already authorized; that is correct.

Mr. ROE. Isn't that too bad that we didn't think it was important enough to go ahead and provide funding?

Mrs. BENTLEY. 1970. OK.

And Baltimore, at this point, Mr. Chairman, the State of Maryland has already made it known to the Secretary that they are willing to sell their World Trade Building for $83 million and use that as part of Maryland's share as well as to issue bonds, if necessary, to pay Maryland's proportionate share. So they are ready to move ahead. And as the Secretary has said, negotiations talks are going on, and I am very pleased.

Since it has been 10 years, Mr. Secretary, that the corps had its last new start on a water project, what has happened to the corps' technical capability during that time and resource pool?

Mr. DAWSON. We have sustained some diminution, Mrs. Bentley, in the total number of staff. I think we have, though, been able to preserve the technical quality. I am confident that we have.

One of my concerns, though—and General Wall may want to address this more particularly—one of my concerns is that if this stalemate continues—and that's one of the things I said at the outset that I think is at stake here today and makes this a very important hearing and the work of your subcommittee very important—is that I don't think that can be the case indefinitely. We are on a declining slope for the last 2 years for the first time, certainly recently, maybe the first time ever. We are doing more O&M work than we are construction. And so at some point the problem you are touching on is going to become a very, very real one.

Mrs. BENTLEY. Section 512 of H.R. 1557 contains a provision which, if I understand it, would authorize the corps to undertake design and construction work for non-Federal public interests on a reimbursable basis. As I understand it, the authority could only be used in connection with projects receiving Federal assistance.

What procedural safeguards do you intend to use to ensure that this authority will not result in competition with private engineering and consulting firms?

Mr. DAWSON. I think we are going to have to work out the details on that to ensure your concern. It certainly is not our intent, and we would be delighted to work with you to make sure that that is not a problem.

Mrs. BENTLEY. All right. I note that your bill contains an authority for the Corps of Engineers to shift resources from civil works to military activities during presidentially declared national emergencies involving the use of the Armed Forces. What role would this committee, or for that matter, Congress, play if this new authority were exercised?

Mr. DAWSON. Well, I am certain your oversight responsibility would be there, and, of course, any declaration of war or any step like that, the Congress would be very much involved and, of course, could put any restrictions or approvals on that that the Congress might desire.

Mrs. BENTLEY. What are the limitations on your authority to shift resources to military activities under existing law?

Mr. DAWSON. I am not certain of that. I would be glad to get that unless General Wall could respond.

General WALL. Well, we do work for others on a reimbursable basis now.

Mrs. BENTLEY. Others—you mean other military agencies?

General WALL. We could do that for the Army, and we do that in design right now and get reimbursed for that work.

Mrs. BENTLEY. Thank you, Mr. Chairman.

General WALL. Which, if I could piggyback on that and develop a little more of these things——

Mrs. BENTLEY. Sure.

General WALL [continuing]. With your permission, Mr. Chairman.

Mr. ROE. General.

General WALL. First of all, I would like to say that the Corps of Engineers fully supports the administration's bills and their efforts in this area. And I am going to get to some of your points here. We have had no authorization of major projects since 1970, which is 15 years, and really no bill since 1976. We had 33 authorized projects in the 1970 bill at about $592 million. But if we upgraded that to the last bill in 1976, it would be somewhere around $2 billion, a little bit less than $2 billion. The last bill in 1976 was $252 million, about a factor of 10 under what we had, and only 15 minor projects.

I would like just to say a word on a philosophical point, that I don't think pork barrel is bad. That's the way the Congress did business, and that's the only way we got these wonderful projects that this country needed. That was the way the system worked. It just happened to have an unfortunate name. But we got these great projects that this country needs.

But we have had quite a few dry years in the Corps of Engineers. We are losing some expertise because of the uncertainty involved in not getting a bill and not getting the cost-sharing issues resolved. We have made up for this by work for others in the Intergovernmental Cooperation Act. We do do work for governmental bodies on a cost-reimbursable basis. We do the design now. The administration has put in a proposal for authorization to do construction also, and there are many areas that we could do this for local governments.

Our O&M is above 50 percent of our budget. The first time was in 1984, and it's well above 50 percent now. And our construction generally is going down rapidly.

Our mobilization capability has suffered because the Corps Civil Works is the mobilization base for the Army and the Air Force. If, God forbid, we had a full mobilization, we are the construction mobilization base.

I believe we must have cost sharing to make the dollars in the budget go farther. This continued agony of having no new starts and no money hurts us, hurts us in the corps, and hurts the Nation, I feel. I really believe that cost sharing is the sticking point. I hope that we in the administration and the Congress can work together to resolve this.

Finally, again on a philosophical note, I hope the issue is resolved, because I think it would really be a shame to authorize a few popular projects through the appropriations process rather than having this fine committee look at the whole gamut, the whole water spectrum, and pick those ones that are really needed through a definite look through the authorization process.

Thank you, sir.

Mrs. BENTLEY. Thank you, Mr. Chairman.

Mr. ROE. I thank the gentlelady.

The gentleman from Pennsylvania.

Mr. KOLTER. Thank you, Mr. Chairman.

Mr. Chairman, I would like to preface my brief interrogation with a report to Mr. Dawson and Mr. Wall on how effective the Army Corps of Engineers is in western Pennsylvania. They are very cooperative, and I think of nothing but superlatives to talk about those people. Great.

Mr. DAWSON. Thank you, sir.

Mr. KOLTER. Mr. Dawson, I would also like to commend you on your somewhat pragmatic approach to this problem here. In listening to you and in reading your testimony, I am optimistic, cautiously optimistic, that we will have success.

However, in your testimony you mention disagreements with our committee, and you mention "pork barreling." I don't know how wise that terminology is, because I just question whether or not—how do we differentiate between we Congress people pork barreling, putting in important projects, or the administration putting in their projects? Are you in the pork barrel yourself?

Mr. DAWSON. I think the way we shed that term, Congressman Kolter, and whether it's applied to me or to the Congress is to select our projects based on the benefits that they are going to produce for the country. And if we are able to do that, then I don't think we will have to worry about that term.

The best way, in my judgment, to do it—and this committee may come up with a better way—but the best way is to put those projects to the test of cost sharing. We have found and believe that if people are willing to put up some of their own money for a project, then that is one of the best testimonials that you can get that it's a good solid project and people just won't be able to say that that's pork-barrel.

Mr. KOLTER. Last year we had an accident in my part of Pennsylvania where we had a sewer plant explode. Two men were killed

and 1 million gallons of fecal material flowed into a little creek which eventually went into the Beaver River about 1 thousand yards away, which flows into the Ohio River. Thousands of people drink that water there.

We had an amendment in the bill that would clean this up for health's sake, for safety. Would you consider that a pork-barrel amendment?

Mr. DAWSON. Certainly not. Now, whether the Army Corps of Engineers, as opposed to EPA, should be the operating agency, I don't know. But certainly—and we have our own emergency authorities, as you well know, and utilize those whenever it's appropriate to do so.

Mr. KOLTER. We worked to the best of our abilities to utilize those emergency moneys, and got nowhere. That's why we had to go to the amendment to the bill.

Would I have the ability to sit down and talk with somebody on your staff about this problem I have, the problem of health, health and safety?

Mr. DAWSON. Absolutely.

Mr. KOLTER. You know, I come from that portion of Pennsylvania where we have a lot of locks and dams, the Beaver River, the Ohio River, the Alleghany River, and there seems to be rapid deterioration of these locks and dams. As a matter of fact, dam No. 2—lock No. 2 on the Alleghany River is going to be closed down for a month for repairs, emergency repairs.

Do you people have any idea how that would affect the local economy, being closed down for a month, no travel up and down the Alleghany River?

Mr. DAWSON. I have some idea, Congressman, although I am certain not as clear as yours. I think what you are saying supports the idea that we have got to get a bill and start doing a better job of operating and maintaining our existing projects day to day so that we don't have what might later become an emergency repair but we probably knew it was coming for years and years but just didn't have the resources or didn't get around to doing.

Mr. KOLTER. Well, can you advise the committee as to what extent the administration is willing to commit to rehabilitating these locks and dams?

Mr. DAWSON. Well, Mr. Congressman, I think our bill addresses that issue very directly. And what we are saying is that the budgetary reality is such that we don't think the dollars are going to be there through the traditional processes the way they were before. We think that some form of cost sharing and user participation is going to be necessary to do the job that you know and I know needs to be done.

Mr. KOLTER. You know, Congressman Oberstar alluded to a problem, but he didn't ask you to answer it. I am going to ask you to answer this question, Mr. Dawson. Beginning with the user's fee, we are talking about tonnage coming from New Orleans up the river, Mississippi River, to the Ohio to the Alleghany River up to Kittanning. What would your user's fee, what effect would that have on our economy as to the cost of this ton of coal?

Mr. DAWSON. Mr. Congressman, if I may, I would like to defer to Dr. Dickey, who is my economic deputy, to address that more specifically.

Mr. DICKEY. Let me just say that, of course, I don't have any data on the specific move that you specify there, but let me say that if we look at an average movement of coal, which is to be sure a short movement—it's only 374 miles—that the user fees that we are proposing, the 1.5 mills per ton-mile, would represent about 1.33 percent of the value of that coal.

So in other words, you take the delivered price of the coal and ask: What is the effect of the user fee we are proposing? Now, it would be, to be sure, in the movement that you specified, somewhat more than that because that is a particularly long movement, about as long a move as you could make on an inland waterway.

Mr. KOLTER. What you are telling me is there is a user's fee not only on the tonnage but also on the mileage?

Mr. DICKEY. Well, the fee is a per-ton-mile fee.

Mr. KOLTER. Per ton-mile.

Mr. DICKEY. Mile. So it's a function of both the tonnage and the mileage. So the longer the distance it's shipped, the higher the amount paid would be.

Mr. KOLTER. Thank you, Mr. Chairman.

Mr. ROE. The gentleman from Georgia.

Mr. ROWLAND. Thank you very much, Mr. Chairman. This hearing today has certainly given me some insights and some information that I think will be very valuable to me in making decisions about what to do.

There are certainly vast differences between the water bill that came out of this subcommittee and what is being proposed by the administration. To help focus on that a little better and maybe to delineate some of the differences, I want to talk about the Savannah harbor and ask you to tell me what are the differences in the bill that came out of this committee and the bill that the administration is proposing.

Mr. DAWSON. I would like to ask Dr. Dickey to take a start on that, and we may need to give you more details for the record.

Mr. DICKEY. The Savannah harbor deepening project, the one that we budgeted for as a new start, requires under our proposed legislation that the non-Federal sponsor pay 70 percent of the cost of that improvement. The way we budgeted for it actually was on the basis of a 50-50 plus the lands easements and rights-of-way. Again, a very substantial non-Federal contribution.

In the case of H.R. 6, I believe that the cost sharing would be limited to the traditional cost sharing, the land easements and rights-of-way, except that if there were any relocations, as I understand H.R. 6, the Federal Government would pay 50 percent of the cost of those.

Now, the land easements and rights-of-way in the case of the Savannah harbor project, as I recall, are substantial. I don't know offhand exactly what they are. But the point is there is certainly a substantial difference between—and in fact, to contrast what we have in the budget versus what this bill would call for, it would be at least 50 percent of the construction cost, additional would be re-

quired under the administration's budgetary proposals and even more under the proposed legislation.

Mr. ROWLAND. Could I ask you to supply in detail for me that information?

Mr. DICKEY. Certainly.

Mr. ROE. If the gentleman from Georgia would yield, we have the details. According to the details we have, it would be 100 percent, from $8.1 million to $15.4 million.

Mr. ROWLAND. Thank you, Mr. Chairman.

Thank you.

Mr. ROE. Well, we want to thank—oh, I beg your pardon. The gentleman from Minnesota.

Mr. STANGELAND. I had a few things, Mr. Chairman, that I want to clear up.

First of all, Mr. Dawson, we are not quite ready to declare war, as my colleague from Minnesota says, let me assure you.

Mr. DAWSON. Thank you, sir.

Mr. STANGELAND. But I do think you need to take a message both to OMB and to the administration that they had better be prepared to be somewhat flexible in the user fees and the cost-sharing percent. We are going to have to work together and they are going to have to work with us and they are going to have to be reasonable to try to work something out that prevents us from going to some kind of a wholesale change, that while we may get a bill, when we get it, it may not be worth a tinker's dam to a lot of the parts of this country.

And then I would also say in response to your questions from Mr. Petri and the support you have for this legislation, you know, I hope that we don't have to wait or that we don't depend on the environmentalists and U.S. Taxpayers Union support for water projects, or we won't have progress. If we were waiting for the environmentalist support for lock and dam 26, we would still be waiting. And I don't know how long old lock and dam 26 could have stood up, but we all know it wasn't going to stand forever. And that would have broken down one of the major systems we have. So you know, I think we have to look beyond that.

I have a number of questions, Mr. Chairman. In light of the time, I think they could well be answered by written response, and I would ask unanimous consent to submit them in writing for Mr. Dawson.

[The questions submitted to Mr. Dawson by Representative Stangeland and responses received follow:]

QUESTIONS SUBMITTED BY MR. STANGELAND

Question 1. In H.R. 1558, your Inland Waterway Bill, you propose the collection of a uniform 1.5 mills per ton-mile fee on cargo moving on the inland waterway. It is my understanding that this is intended to recover approximately 70% of the cost of operation, maintenance, and new construction of inland waterway improvements. How was the 70% figure derived? What basis was used for its selection?

Answer: The 70% figure was derived by dividing the estimated receipts from the 1.5 mills per ton-mile user fee by the total estimated expenditures for new construction plus the total for operation and maintenance for Fiscal Years 1986 through 1990. The 1.5 mills per ton-mile user fee was selected to recover the amounts shown as receipts in the President's budget for Fiscal Year 1986.

Question 2. The 1.5 mill fee, as I understand it, is designed to be in addition to and not in lieu of the current diesel fuel tax called for under P.L. 95-502. Is this correct? Is it not true that these diesel tax revenues, like the 1.5 mill fee, will be deposited into the Inland Waterways Trust Fund and used for project operation, maintenance and construction costs? Doesn't this mean, then, that the effective non-Federal cost share for the inland waterways will be quite a bit higher that the apparent 70% in H.R. 1558?

Answer: Yes, the ton-mile user fee would be in additon to the current fuel tax. Both fuel tax revenues and user fee revenues would be deposited in the Trust Fund. Fuel tax revenues would be available for use for new construction only as specified in appropriation acts. User fee revenues would be available, without fiscal year limitation, for operation and maintenance as well as new construction expenditures. The fuel tax revenues would be available to be expended for additional construction projects as authorized and appropriated. The total non-Federal share of new construction plus operation and maintenance costs would exceed 70% on the average for Fiscal Years 1986 through 1991.

Question 3. Both H.R. 1557 and H.R. 1558 contain a new proposed water project authorization process. Would you please describe that process for the Subcommittee and discuss what you believe its advantages are over the current system?

Answer: The proposed project authorization process applies only to navigation projects, but includes ports and harbors as well as inland waterways. The Secretary would be authorized to design, construct, operate and maintain a project which is determined to be feasible and justified. Prior to undertaking any such construction the Secretary must submit to Congress a final environmental statement (if required) and a statement of compliance with the Clean Water Act and the Fish and Wildlife Coordination Act, as well as other applicable statutory requirements. Any plan of improvement submitted would be eligible for construction expenditures unless Congress passes a Joint Resolution disapproving the environmental impact statement within 180 calendar days of receipt, and the Joint Resolution becomes law. Any environmental impact statement submitted and not disapproved would satisfy applicable requirements of the National Environmental Policy Act. Judicial review would also be limited to expedited hearings for claims against work authorized by this act.

The advantage of this process is that worthwhile navigation projects would be authorized in a shorter period of time and construction could be initiated in a shorter period of time than has been experienced historically. The Committees and the Congress would continue to exercise review and approval on a project by project basis, but would be able to make decisions on each project as it is presented. Authorization would not have to await development and enactment into law of omnibus legislation.

Question 4. Section 515 of H.R. 1557 would amend the 1899 Rivers and Harbors Act to allow the Corps to permit construction on or alteration of river and harbor improvements, such as levees. Can you tell the Subcommittee why this authority is needed and how the Corps would ensure protection of the Federal investment if this provision is enacted? Also, please provide some examples for the Subcommittee.

Answer: Section 14 of the Rivers and Harbors Act of 1899 (33 U.S.C. 408) declares it to be unlawful for any person to alter or make use of any improvement built by the United States for navigation or flood control. The section does allow the Corps to approve occupation or use where such occupation or use is temporary and not "injurious to the public interest." However, the Corps lacks the authority to approve any construction, alteration, or use when the activity will result in a permanent alteration or improvement of the structure built by the United States.

Because the Corps lacks the authority to approve construction, worthwhile public improvement projects are jeopardized. The proposed legislation would remedy this problem by providing specific authority for the Corps to approve alteration or use of navigation and flood control improvements where the Secretary of the Army determines that such use would be in the public interest and will not impair the usefulness of the work constructed by the United States. In each case, the Secretary would have to make a determination before permitting the proposed activity.

The Corps has been asked to approve construction in a number of instances where the improvement would benefit the local economy without impairing the effectiveness of the structure built by the United States. The most notable is a proposal by the City of Augusta, Georgia to develop a portion of its riverfront adjacent to the Savannah River. The purpose of the development is to revitalize the downtown area. The Corps of Engineers constructed the levee from 1908 through 1919. The levee essentially removed the at-grade access of the City to the river. Plans were provided to the District which include an amphitheater, floating docks, bulkhead, restaurant, aquarium and various facilities. The planned development would require breaching of the levee, construction of debris booms, bank stabilization, and landscaping.

The City of Augusta has asked the Corps to approve the proposed development. The Chief Counsel's opinion is that while it is clear that Section 14 contains an absolute prohibition, the statute can be interpreted in two ways. One interpretation would be to conclude that the prohibition

against construction in Section 14 does not apply to local protection projects. Under this view of the law, the Corps regulations found at 33 CFR 208.10 and the provisions of Section 14 are not in conflict; they are interpreted as applying to different kinds of Federally constructed improvements, improvements that the Federal Government operates and maintains, and improvements that are operated and maintained by local interests. As Congress' intentions on this matter are not entirely clear, Section 515 of the Administration's proposed Water Resources Development Act of 1985 contains provisions to clarify that the Secretary of the Army can approve of construction on flood control and river and harbor improvements where it is otherwise compatible with the authorized project.

Question 5. Section 510 of H.R. 1557 would amend the Rivers and Harbors Act of 1899 to expand the Government's authority to seek recovery from the owners and operators of sunken vessels for the cost of removal of any vessels which are obstructions to navigation. Could you explain for the subcommittee why this authority is needed and why the existing provision is not adequate?

Answer: The proposed legislation would amend the Act of March 3, 1899 to allow the Federal Government to recover costs incurred in removing wrecks from navigable waters. If a wrecked vessel has a significant salvage value, the owner will generally salvage it. In cases where salvage of a vessel is uneconomical, the owner will usually abandon it. Existing authorities allow the Secretary of Army to remove wrecks from navigable waters if the owner does not do so. The Secretary is authorized to dispose of the vessel and to deposit the proceeds from the sale into the Treasury. However, in most cases where the owner does not remove the wreck, the receipts from the salvage are less than the cost incurred by the Federal Government in removal. The proposed legislation would require the owner, lessee, or operator of any wrecked vessel to repay to the United States the cost incurred in removal of the obstruction from navigable channels.

Question 6. Mr. Dawson, if I read your two proposals correctly, the money collected from the new Inland Waterways user fee and from the new cost sharing requirements for port and harbor improvement projects would be deposited into the separate trust funds. These sums would then be available for expenditure by the Secretary without further appropriation by the Congress. Could you please explain why you feel it is necessary to bypass the Congressional appropriations process?

Answer: The proposed process would not altogether bypass the Congressional appropriations process. In the case of ports and harbors, 30 percent or less of construction cost would need to be appropriated, and for many, some percentage of operation and maintenance. The Trust Fund amounts would be available when needed to provide the non-Federal share on a timely basis as Federal funds are appropriated. For inland waterways, about 30 percent of funds for new construction and operation and maintenance would be appropriated. All Trust Fund receipts from the fuel tax would have to be apropriated. for use.

Mr. STANGELAND. I would just say in closing that we want to work with you, but you know, somebody else's project can be pork. I think the majority leader of this House, Mr. Wright, has articulated clearly many, many times the return on investment to the United States Government for flood control projects, for even reclamation projects, throughout the country, or the return on investment for hydroelectric projects. You know, we are not spending money, we are investing it. And I think we have to continue that investment. And I just think what I really want to know, and my questions will bring that out in responses, is how the administration is selecting their projects when, based on the great amount of study that has been done on many other projects, we know that there are numerous other worthwhile projects in need of authorization.

I would be the first to admit that we may have built some questionable projects, but they are in the minute order as opposed to all the work that has been done in this country in flood control and inland waterways and locks and dams or in our ports and harbors.

I am quite incensed sometimes when people refer to pork barrel, because what is pork to one may be prime steak to someone else, and I think we had better recognize that.

Thank you very much.

Mr. DAWSON. Thank you, sir.

Mr. ROE. I thank the gentleman from Minnesota for his words.

I, too, want to thank you, Mr. Secretary, and General Wall and Dr. Dickey. I think that we have come a long way already. Today served a great purpose because it gave us the opportunity to exchange views not only with yourselves but the members of the committee on both sides of the aisle to understand and express their thoughts and also get answers to some of the questions that have come before us.

I hope you go back with the point of view—and if you have to pardon perhaps our enthusiasm at times, we may have to pardon yours—is that if it's a question of writing a bill, that's one thing. If it's a question of making something of this nature our life's work as far as our country is concerned, that's another thing. And I think that the intensity from this committee is that they are not just sitting here writing a bill—and I was amazed at the number of people that came this morning because they are that interested. I know that you can be a big bridge, too. And you had a chance to be housed with us for a while and you had a chance to be downtown for a while, and I think you understand the issues that are involved.

It is not the position of the committee to be arbitrary. That is not our intent. We want to come up with a solution, but it has to be fair, it has to be equitable, and it has to be just.

I can tell you flat out that if we get to a point—and it doesn't frighten us—if we get to a point, we will just have to fight it out in the people's forum, which is the House of Representatives and the Senate. Someplace along the line people in this country have to realize that the investment that we are making in this country, as was pointed out so well from the gentleman from Minnesota, is based on the future of the country.

You know, it is interesting to me that as we are now starting nationwide hearings on the infrastructure legislation that Chairman Howard has introduced, and Gene Snyder from Kentucky, plus almost everybody else, I think the estimated cost is somewhere in the order of magnitude of $300 billion, at least, on just that project alone. The first step is $30 billion, as you know.

So I hope you take back our thoughts and ideas. We want to work with you. We will discuss with you further. And we want to thank you very much for being with us.

I want to compliment the corps for the extraordinary job that they have, what would you say, basically done over the years for the country, but also the great help that we have received from them in working together to get this bridge built that we are trying to achieve.

So thank you very much for being with us. We appreciate your testimony very much.

Mr. DAWSON. Thank you, Mr. Chairman.

Mr. ROE. The subcommittee stands adjourned.

[Whereupon, at 12:41 p.m., the subcommittee was adjourned.]

ADDITIONS TO THE RECORD

LAW OFFICES
BILLIG, SHER & JONES, P. C.
SUITE 300
2033 K STREET, N. W.
WASHINGTON, D. C. 20006

TEL. (202) 429-9090
CABLE: BISJO
TELEX: 89-569

RICHARD A. ALLEN
JOHN R. ATTANASIO
JACOB P. BILLIG
JOHN A. DEVIERNO
MARC J. FINK
TERRENCE D. JONES
KELLY A. KNIGHT
JEFFREY F. LAWRENCE
WARREN L. LEWIS
MICHAEL G. ROBERTS
STANLEY O. SHER
DAVID F. SMITH
JULIAN H. SPIRER

April 22, 1985

By Hand

Honorable Robert A. Roe
Chairman
Subcommittee on Water Resources
Committee on Public Works
and Transportation
U.S. House of Representatives
Room 2165
Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf of 28 ocean common carriers */ we recently presented a statement to the Merchant Marine and Fisheries Committee strongly opposing port user fees. As set forth in that statement (copy enclosed), we strongly oppose the Administration's port user fee proposal and support H.R. 6 as one of several excellent bills in the House of Representatives regarding port issues.

Last week the Water Resources Subcommittee held a hearing where only the Administration was allowed to present its views on port issues. We thus take this opportunity to request that this letter and the enclosure be made part of the record of last week's (April

---

*/ A.P. Moller-Maersk Line; Achille Lauro; Atlanttrafik Express Service, Ltd.; Barber Blue Sea Line; Barber West Africa Line; CIA Venezolana de Navegacion; Columbus Line; Compania Trasatlantica Espanola, S.A.; Constellation Lines, S.A.; Costa Line; d'Amico Societa di Navigazione per Azioni; Dart-M.L., Ltd.; Farrell Lines, Inc.; Flota Mercante Grancolombiana, S.A.; Hapag-Lloyd, AG; Italia Societa' Per Azioni di Navigazione; Jugolinija; Jugooceanija; Lykes Bros. Steamship Co.; Nedlloyd Lines; Nordana Line/Dannebrog Lines AS; Pace Line; Prudential Lines, Inc.; Sea-Land Service, Inc.; The National Shipping Co. of Saudi Arabia; United Arab Shipping Co.; Waterman Steamship Corp.; and Zim Israel Navigation Co.

17) hearing. Thus, the hearing record would show the position of the liner carrier industry on port legislation, including its support for H.R. 6 and similar bills.

Please advise if we can be of further assistance in this matter.

Sincerely,

Marc J. Fink

John A. DeVierno

Enclosure

cc (w/encl.): Chairman James J. Howard
Rep. Gene Snyder
Rep. Arlan Stangeland
Richard J. Sullivan, Esq.
Michael J. Toohey, Esq.
Errol L. Tyler, Esq.
John Doyle, Esq.
Mr. Joseph Italiano

MJF/JAD:smh
270-00-01

Note: Several of the concerns represented herein are foreign-based; Billig, Sher & Jones, P.C. has registered with the Department of Justice pursuant to the Foreign Agents Registration Act with respect to its representation of foreign concerns.

Statement Of

OCEAN COMMON CARRIERS

Regarding

PORT USER FEES

Before The

COMMITTEE ON MERCHANT MARINE AND FISHERIES

UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 12, 1985

Mr. Chairman and Members of the Committee:

Good morning. My name is Marc J. Fink. I am an attorney with the Washington, D.C. law firm of Billig, Sher & Jones, P.C. With me this morning is John A. DeVierno, also of our firm. We appear today on behalf of 28 ocean common carriers of freight (generally referred to as "liner" carriers) serving the foreign commerce of the United States. */

Collectively, these carriers serve virtually all major U.S. ports and fly both U.S. and foreign flags. They are representative of the entire class of ocean common carriers serving the U.S. foreign commerce and we believe that their views on port legislation reflect those of the liner carrier industry.

While there are a number of issues in pending port legislation, we appear today to reaffirm our strong opposition to legislation which would impose or authorize the imposition of so-called "user fees" on ocean common carriers to finance harbor and channel dredging.

Considering the fee aspects of various proposals, we advise at the outset that we consider H.R. 45, the bill introduced by Rep.

---

*/ A.P. Moller-Maersk Line; Achille Lauro; Atlanttrafik Express Service, Ltd.; Barber Blue Sea Line; Barber West Africa Line; CIA Venezolana de Navegacion; Columbus Line; Compania Trasatlantica Espanola, S.A.; Constellation Lines, S.A.; Costa Line; d'Amico Societa di Navigazione per Azioni; Dart-M.L., Ltd.; Farrell Lines, Inc.; Flota Mercante Grancolombiana, S.A.; Hapag-Lloyd, AG; Italia Societa' Per Azioni di Navigazione; Jugolinija; Jugooceanija; Lykes Bros. Steamship Co.; Nedlloyd Lines; Nordana Line/Dannebrog Lines AS; Pace Line; Prudential Lines, Inc.; Sea-Land Service, Inc.; The National Shipping Co. of Saudi Arabia; United Arab Shipping Co.; Waterman Steamship Corp.; and Zim Israel Navigation Co.

Biaggi and co-sponsored by you, Mr. Chairman, and others, to be excellent legislation. We think that the port provisions of H.R. 6, the water resources legislation introduced by the leadership of the Public Works and Transportation Committee, including Rep. Snyder, who sits on this Committee as well, are also excellent. On the other hand Mr. Chairman, we are unalterably opposed to the Administration's bill, which contemplates dredging fees at astronomical levels. Thus, we urge the Congress to reject the Administration's approach to port legislation. Instead, the Committee should stay on the course set forth in H.R. 45 and H.R. 6, the course this Committee, the Public Works and Transportation Committee, and the entire House of Representatives followed last year.

The balance of our statement this morning will, after briefly describing for the record the operations of liner carriers, explain more fully our general opposition to such user fees, and our particular opposition to certain types of user fees which would unfairly focus on or greatly burden liner carriers.

Background

Liner carriers play a vital role in the import and export commerce of this nation. By providing regularly scheduled service and accepting small as well as large cargoes, they provide virtually all of the export/import ocean carrier service utilized by small and medium sized businesses, as well as a great deal of the ocean service utilized

even by the largest companies. Further, liner carriers transport virtually every type of cargo.

In providing these diverse and necessary services, liner carriers generate very substantial employment and economic activity at ports. They have agents in ports; they own property in ports; and they extensively utilize the services of stevedores, longshoremen, and suppliers of commodities needed to operate ocean-going vessels with crew -- such as fuel, food, and other supplies. Liner carriers thus contribute very significantly to the overall economic welfare of the port community.

To provide the services which yield these benefits to our national commerce and our port communities, liner carriers operate vessels (primarily containerships and similar vessels) which usually draw 30-35 feet of water. While some of the newer liner vessels draw closer to 40 feet of water, to our knowledge even the most modern and largest liner vessels on order do not draw as much as 45 feet of water. So, while testimony on port legislation presented to various Congressional Committees in past years is replete with statements to the effect that U.S. ports are not dredged to depths (over 45 feet) which can accommodate very deep draft bulk cargo vessels, we emphasize today that there is no such imbalance between the dredged depths of our nation's port system and the operation of modern containerships.

In short, our nation's port system, dredged to present depths, does and will, for the presently foreseeable future, enable liner

carriers to serve the shipping public and the entire nation. This is not to say that liner carriers oppose new port improvement projects. However, if the price of port improvements, particularly very deep draft (over 45 feet) dredging, is "user" fees on liner carriers, we would rather do without.

General Opposition to Port User Fees

We believe that the benefits to the nation which result from channel and harbor dredging at ports (both improvement and maintenance dredging) are so considerable, in terms of facilitating exports, imports, and job development, that it is fully appropriate to continue to wholly fund these dredging projects from existing Federal revenue sources, rather than from user fees. We all understand that import and export goods carried by ship, no matter how quantified, have a major impact on our daily lives. In our view, it is because port activity and international trade are so tied to the economy of the nation as a whole (and this is the case now more than ever before) that the general policy of the Federal Government to this time has been to supply 100% of the funding for dredging projects.

It is particularly appropriate to maintain this policy with respect to improvement and maintenance dredging at general cargo ports (those dredged to depths no greater than 45 feet), and we are pleased that this is done in H.R. 45 and H.R. 6. The Committee on Public Works and Transportation clearly justified this position in its

report last year on H.R. 3678, the predecessor to H.R. 6, when it said (H.R. Rep. No. 616, Part 1, 98th Cong., 2d Sess. 5 (March 8, 1984)):

> ...the United States ports constitute an essential element of the Nation's transportation system, making possible the import and export of goods to the benefit of the entire population. The ports generate substantial revenues, including customs revenues as well as tax revenues, to the Federal Treasury. The benefits associated with ports are not port specific, nor are they specific to various regions of the country. For these reasons, the Committee has retained Federal involvement in the construction and maintenance of the general navigation features of general cargo ports, which are those ports having a depth of 45 feet or less.

Mr. Chairman, not only does the general populace benefit from Federal spending to dredge harbors, but, as noted in the Public Works Committee's report, the dredging of general cargo harbors and channels produces financial benefits for the government as well. A study prepared for the Department of Commerce */ found that the imposition of port user fees could result in a net loss to the U.S. Treasury due to the depressing effect of user fees on overall economic activity in ports and other affected communities. We certainly agree that user fees would have negative effects on economic activity, and thus believe that, at a minimum, claims that user fees would help reduce the budget deficit are highly suspect.

---

*/ Bushnell, Pearsall, and Trozzo, Economic Effects of Levying A User Charge To Finance Harbor Maintenance, Summary Report, September 16, 1983.

Also with respect to the deficit, it is clear that the dredging of harbors has not been in any way a cause of our nation's budgetary problems. We understand that total Army Corps of Engineers expenditures for improvement and maintenance dredging of harbors and channels serving ocean commerce will approximate $502 million in FY 1985. The comparable figure for FY 1980 was $408 million. Thus, considering inflation, this program has experienced a decline in real terms in recent years.

In short, we believe that the national economic benefits which stem from general cargo port activity are a compelling reason for Congress to reject proposals to impose dredging fees on liner carrier vessels. Moreover, we reject the notion that the budget deficit compels the Congress to adopt unwise and radical changes in our nation's system of port financing. Indeed, the depressing economic effect of user fees, which in turn would reduce various tax and customs revenues, could offset or outweigh any budget gains to the Treasury from user fees.

However, recognizing that the Administration appears intent on promoting the user fee issue before the Congress, we also take this opportunity to comment on some of the features that have been included in user fee proposals. In offering these thoughts, we do not suggest for a minute that we are amenable to user fees. However, if the Congress should, despite our objections, choose to impose fees (or authorize them), we want to make clear our particular objection to

certain fee approaches which would focus unfairly on or greatly burden liner carriers.

Any Fee System Would Result In Unfair Subsidy Of Bulk Carriers If Liner Carriers Have To Pay For Dredging To Depths Greater Than 45 Feet

Mr. Chairman, as liner carrier vessels do not draw 45 feet of water, any legislation which imposes or authorizes dredging fees on liner vessels should preclude liner carriers from paying for dredging to depths greater than 45 feet. Absent such a provision, no fee system would be a true "user fee" system. Instead, the system would produce the extremely unfair result of liner vessels subsidizing bulk carrier vessels because liner vessels would be paying towards dredging to depths needed only by bulk carriers.

Accordingly, we reject any suggestion that local authorities should have flexibility to impose fees on liner carriers to recover the costs associated with dredging to depths greater than 45 feet. Last year several ports suggested to the Congress that the entire port community, and even importers and exporters located far from ports, would benefit from very deep dredging projects and thus, that if there were user fees, all members of the port community should be subject to taxation to support those projects. The particular "benefits" that were alleged to accrue to liner carriers from dredging to depths greater than 45 feet were employment increases in the community and safety benefits.

We completely disagree that dredging to depths greater than 45 feet is required to meet any safety needs in ports. Coast Guard regulations already address safety considerations.

More importantly, it is clear that the possibility that a very deep draft dredging project would generate wide economic benefits in a community is not an argument for a user fee on liner carriers. Instead, it is an argument for 100% local governmental funding, or even 100% Federal funding. If the economic effects of a project in a community are expected to be significant and general, the local government should pay for it, expecting to gain a financial return from the increased tax revenues generated by the additional activity. Thus, allegations of broad economic benefits appear to us to avoid, rather than answer, the question of whether liner carriers benefit from deep draft dredging.

Simply, Mr. Chairman, the ability to identify truly specific benefits is what makes a "user fee" a "user fee". And, if specific benefits cannot be identified as accruing to a person from a project, it is unfair to tax that person for the project any more than the general public is taxed for the project. Sometimes the line between beneficiaries and non-beneficiaries, between direct beneficiaries and indirect beneficiaries, is hard to draw. However, Mr. Chairman, the line between dredging to depths greater than 45 feet (needed only by super colliers and large oil tankers) and the depth requirements of liner vessels (30-35 feet), is clear and easy to draw. Thus, the

Congress should draw that line and not provide localities (or the Corps) license to conclude that vessels drawing 35 feet of water use depths greater than 45 feet, a license which the Administration bill would improperly provide.

Therefore, we deeply appreciate that H.R. 45 and H.R. 6 preclude local governments from taxing liner vessels to finance very deep draft dredging (to depths greater than 45 feet). We thank you, Mr. Chairman, Rep. Biaggi, Rep. Snyder, Rep. Anderson, Chairman Howard, Chairman Roe, Rep. Stangeland, and the other sponsors of H.R. 45 and H.R. 6 for their continued support on this issue.

We Particularly Oppose Ad Valorem Fees As Unfair And Inequitable

If liner carriers are to pay fees towards harbor dredging, those fees should not be calculated with reference to the value of cargo on board, but instead should be based on tonnage.

Liner carrier cargo, whether containerized, ro-ro, or break bulk, consists in very large part of finished and semifinished goods with per ton values many times that of bulk commodities. For example, we have estimated that liner cargo crossing the Atlantic (generally containerized cargo) in many U.S.-European trades has an average value of $3,500-$4,000 per ton. In contrast, the price of a ton of coal in recent years has been approximately $30.

Thus, the burden of any port "user" fee based on value of cargo would fall very heavily and disproportionately on liner carriers.

One liner carrier vessel would be asked to generate as much in user fees as 100 comparably sized coal colliers. This clearly unfair result illustrates that the value of cargo has no causal relationship to the demand a vessel places on a port with respect to channel or harbor depth; that is strictly a function of the tonnage of a vessel. Consequently, adoption of an ad valorem scheme of port user fees would simply result in the subsidy of bulk carriers by liner carriers.

Thus, if the Congress should, despite our objections, enact legislation authorizing the imposition of fees on liner carriers, that legislation should explicitly preclude imposition of ad valorem fees, a preclusion not contained in the Administration's bill. On the other hand, we are pleased that the problems for liner carriers posed by ad valorem fees are mooted under H.R. 45 and H.R. 6 (and also under H.R. 50, the bill introduced by Rep. Mikulski and the entire Maryland delegation) because those bills fully preclude the imposition of fees on vessels drawing 45 feet or less of water.

We Particularly Oppose Federal User Fees

As explained above, the benefits of economic activity at ports serving ocean-going vessels are so broad that port dredging, particularly general cargo port dredging, should be fully Federally financed. If, however, it is determined that some portion of the costs of port dredging should be paid from sources other than Federal revenues, the Congress should supplement Federal revenues by requiring partial

funding of projects by other governmental entities (states and localities), not by imposing Federal fees on private parties. Moreover, if Federal legislation should authorize local governments to impose fees to recover their share of project costs, it should not require that the state or local share be derived from port user fees. The appropriate state or local governmental entity should be able to make its own determination as to whether, in the interest of promoting its port and its state and local economy, it would raise the non-Federal share of project costs in whole or in part through other revenues.

Under such a statutory scheme, if local governmental authorities consider that a port dredging project is not so worthy as to deserve full support from general revenues and general taxpayers, but must be supported, at least in part, by port users, the decision by a port to have a project go forward would be subject to marketplace restraints. Specifically, if there is no demand by a class of port users in connection with such a project, the port would face some risk of lost patronage from those users. Thus, if a user fee at a port were so high as to actually reduce vessel patronage there, the vessels no longer calling at that port would not have to pay a fee at all -- a result which we consider to perfectly reflect the notion of "user" fees.

By contrast, under a Federal fee system such marketplace forces would not come into play; equal fees would be in place at every port. A Federal fee system, by preventing liner carriers from "voting with

their feet," creates a very high risk that liner carriers, which serve numerous ports, will have to subsidize dredging of only a few ports.

Summary And Conclusion

In summary, liner carriers are opposed to the imposition of port user fees to finance harbor dredging, particularly the dredging of general cargo port projects (projects to depths no greater than 45 feet). Moreover, while we generally oppose dredging fee proposals, some such proposals are far more objectionable -- and out and out unfair -- to liner carriers than others. In particular, if user fees are to be authorized to finance dredging to depths greater than 45 feet, such fees should not be imposed on liner carriers since they do not need those depths. Also, any fee system should prohibit ad valorem user fees and reject a Federal fee system in favor of a system which authorizes, but does not require, local fees.

Finally, taking these factors into account, we obviously strongly oppose the Administration's bill (and related budget proposal) and consider H.R. 45 and the port provisions of H.R. 6 to be excellent. We thus urge this Committee and the entire Congress to reject the Administration's approach and follow the approach of H.R. 45 and H.R. 6, the approach which was followed by the full House of Representatives last year.

That concludes our statement, Mr. Chairman, and we thank the Committee for the opportunity to present it.

* * * *

Note: Inquiries should be directed to:

Billig, Sher & Jones, P.C.
Suite 300
2033 K Street, N.W.
Washington, D.C. 20006
(202) 429-9090

STATEMENT
OF
WILLIAM H. DEMPSEY
PRESIDENT

ASSOCIATION OF AMERICAN RAILROADS

ON
INLAND WATERWAY POLICY AND PROJECTS
H.R. 1558

HEARING BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
SUBCOMMITTEE ON WATER RESOURCES

APRIL 1985

I am William H. Dempsey, President of the Association of American Railroads. Our members operate 94 percent of the total railroad mileage in the United States, employ 92 percent of the nation's railroad workers, and handle 98 percent of the nation's railroad freight traffic. I would like to submit for the record the freight railroad industry's views regarding new Federal water projects legislation.

America's freight railroads have a clear interest in public policy regarding inland navigation projects. Railroads compete with the nation's inland commercial barge lines for a substantial portion of freight traffic. Because inland navigation projects are financed by the general taxpayer, railroads--which build, operate, maintain, and pay taxes on their own rights-of-way--suffer an artificial competitive disadvantage. Rail shippers who must compete in the marketplace with barge shippers are also adversely impacted.

The Administration has proposed legislation which would provide important and necessary changes in this nation's policy for inland waterways. This legislation would achieve a reasonable compromise, providing needed rehabilitation for our inland system while reducing the subsidy. The Administration's 70 percent level of cost recovery is the minimum that should accompany any further expenditures both for new projects and for operating and maintaining the existing system.

The Need for Increased Cost Recovery

Waterway user charges now cover less than 10 percent of Federal expenditures on inland navigation facilities. Economic efficiency and simple equity require a much higher level of cost recovery from users. The barge operators who use inland waterway facilities should pay for the navigation-related costs of new construction and the costs of operations and maintenance. In the absence of full cost recovery user fees, waterway development expenditures are a direct subsidy to rail-competitive barge operations.

Transportation rates should be based on the true costs of providing service--including right-of-way costs. When the general taxpayer subsidizes waterway facilities, these costs are not reflected in transportation rates. Market signals are thereby distorted, reducing economic efficiency. Even in cases where rail costs are lower than the real costs of barge service, traffic will sometimes move by water because inadequate user charges allow barges to underprice railroads.

In addition to harming the railroad industry, this subsidy hurts shippers in areas without subsidized barge facilities. These shippers are forced to compete on the basis of full transportation costs. Their competitors, using water transport pay rates that do not reflect actual transportation costs, can set prices that do not incorporate full economic costs. The subsidy thus disadvantages non-water shippers and their regions.

The inimical effects of the waterway subsidy are not limited to the transportation market. The subsidy also contributes to record Federal deficits. At a time when all Federal programs are subject to budget constraints, the inland waterway subsidy should be a leading candidate for reduction. Trimming some of the $600 million annual inland navigation subsidy would help reduce the deficit. Higher cost recovery through user fees would allow important projects to go forward while lessening the budget deficit.

The Administration's Bill

This February the Administration sent to Congress a comprehensive waterway proposal (H.R. 1558). There are three important provisions of the Administration's proposal regarding inland waterway cost recovery:

(1) Allowing Inland Waterways Trust Fund monies to be spent on new construction.

(2) Levying a new user fee of 1.5 mills per ton-mile that would recover approximately 70 percent of annual operations and maintenance costs.

(3) Establishment of an Inland Waterways Users Board.

The Inland Waterways Trust Fund

The Trust Fund had accumulated a balance of $133.1 million by the end of fiscal year 1984. No Trust Fund money has been spent for construction, operation or maintenance of facilities. One provision of all current waterway legislation, including the Administration's bill, is to begin using these funds. It is important to remember that spending the Trust Fund will not increase the level of cost recovery; it would simply allow user fees to replace general revenues as the source of construction spending.

The Trust Fund money should be spent now to replace general tax revenues as a source of inland waterways expenditures. There is no reason to continue collecting Trust Fund money and not spending it.

A New User Fee

Levying the new user fee of 1.5 mills per ton-mile will increase cost recovery. At the present time, maintenance and operations amounts to just under two thirds of the Corps inland waterway budget. The proposed fee would cover 70 percent of these expenditures. While full cost recovery of O&M expenditures remains an important goal, the Administration's bill is a major step toward a more equitable cost recovery system.

Users Board

As the waterway industry is asked to contribute a larger share of waterway funds, it is appropriate that they be given a more formal voice in deciding which projects receive priority. The Users Board is a possible approach to providing the industry with this voice. The Users Board could provide valuable advice in determining which projects are most needed and most beneficial and contribute to a more efficiently managed inland water system.

Other Legislation

The Committee also has before it last year's House omnibus legislation, now titled H.R. 6. This legislation contains no provisions for increased cost recovery for either new construction or O&M expenditures.

The Administration's bill is better because it provides needed rehabilitation of our waterways while reducing inland navigation subsidy through higher cost recovery. The Administration's legislation would represent a significant improvement in waterway policy and a major step toward full cost recovery for inland waterway expenditures.

Conclusion

Economic efficiency and equity demand that transportation rates reflect the true costs of providing service. When the general taxpayer subsidizes waterway facilities, waterway rates do not incorporate the cost of these facilities.

The Administration's legislation provides significant improvements to this nation's current water development policy by reducing this subsidy. This legislation represents a good compromise between the need to end waterways subsidy and the need for rehabilitation of our inland system. The Administration's 70 percent level of cost recovery is a major step toward ending the waterway subsidy and should accompany any new water spending.

BOB KASTENMEIER
2D DISTRICT, WISCONSIN

2210 HOUSE OFFICE BUILDING
PHONE: AREA CODE 202, 225-2906

HOME OFFICE:
SUITE 565
119 MONONA AVENUE
MADISON, WISCONSIN 53703
PHONE: AREA CODE 608, 264-5206

Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEE ON
JUDICIARY

CHAIRMAN, SUBCOMMITTEE ON
COURTS, CIVIL LIBERTIES AND
THE ADMINISTRATION OF JUSTICE

SUBCOMMITTEE ON CIVIL AND
CONSTITUTIONAL RIGHTS

SUBCOMMITTEE ON CRIME

May 1, 1985

The Honorable Robert A. Roe
Chairman
Subcommittee on Water Resources
Committee on Public Works and Transportation
B376 G Rayburn H.O.B.
Washington, D.C. 20515

Dear Mr. Chairman:

I am seeking your Subcommittee's approval for the authorization of a Corps of Engineers project for the strengthening of the levee system on the Wisconsin River at Portage, Wisconsin.

In 1972, the House Committee on Public Works adopted a resolution requesting a review of the reports of the Wisconsin River and tributaries to determine the advisability of providing improvements for flood control at Portage. Toward the end of the last century and in the early 1900's, levees were built in an attempt to prevent the frequent flooding in the Portage area. However, the existing levees presently do not meet Federal or State of Wisconsin standards. In recent floodings, the large amount of seepage and extensive emergency preparation have demonstrated the need for levee reconstruction at Portage. The potential exists for a disastrous flood at Portage and extensive overland flow from the Wisconsin River near Portage could enter the Fox River, resulting in flood damages at downstream communities.

The District and Division Engineers' lengthy study found that the existing levee system is structually inadequate and cannot be relied on to provide any degree of flood protection. The feasibility report, approved by the Board of Engineers for Rivers and Harbors calls for improving 2.9 miles of existing levee, 500 feet of floodwall, rehabilitation of the Portage lock gate as a flood barrier and interior flood control facilities. The estimated Federal cost is $6.2 million and the project benefit/cost ratio is 1.4.

I would appreciate your consideration and support for the authorization of this project at Portage.

Sincerely,

Bob Kastenmeier

ROBERT W. KASTENMEIER
Member of Congress

RWK:s